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**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY - EAST**

FINANCIAL REPORT

June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/22/10

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA**

Basic Combined Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Southeast Louisiana Flood Protection Authority – East
New Orleans, Louisiana

We have audited the accompanying combined financial statements of the governmental activities, business-type activities, and major funds of the Southeast Louisiana Flood Protection Authority - East (the "Authority"), a component unit of the State of Louisiana as of and for the year ended June 30, 2010, which collectively comprise the Orleans, East Jefferson, and Lake Borgne Basin Levee Districts' basic financial statements. These combined financial statements are the responsibility of management of the Authority. Our responsibility is to express opinions on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and major funds of the Authority, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. The supplemental schedules have been subjected to the auditing procedures applied by us in the audit of the basic combined financial statements and, in our opinion are fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

The Annual Financial Statement Reporting Packet, presented as supplementary information is not a required part of the basic financial statements, but is supplementary information required by Louisiana's Office of Statewide Reporting and Accounting Policy. This information has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated in all material respects in relation to the accompanying financial statements taken as a whole.

Reboue & Company

August 31, 2010

FINANCIAL SECTION

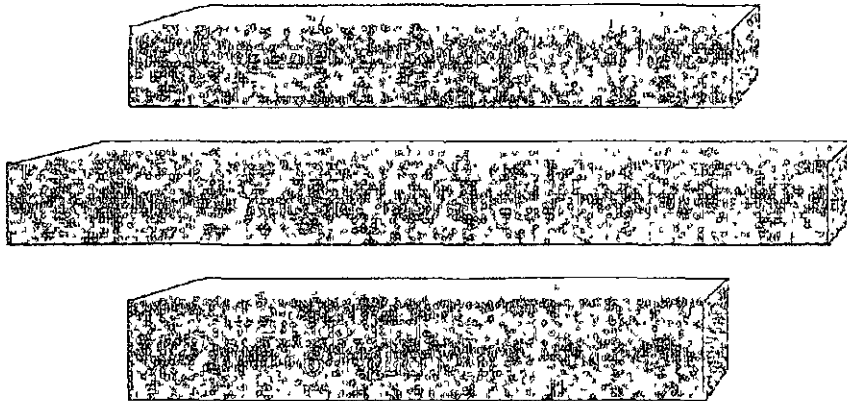
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of June 30, 2010

The Management's Discussion and Analysis of the Southeast Louisiana Flood Protection Authority – East (the "Authority") presents a narrative overview and analysis of the Authority's financial results for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts relating to the four (4) organizations that currently comprise the whole of the Authority:

The administrative arm of the Authority ("SLFPA-E"), the East Jefferson Levee District, the Lake Borgne Basin Levee District and the Orleans Levee District.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the combined operations of the Authority and the three levee districts which it governs, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Activities and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010**

The Statement of Cash Flows presents information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided by or used in operating activities (indirect method) as required by GASB 34.

Financial Highlights

Net Assets

The following table describes the net assets of the Authority at the end of the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		Authority	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 92,048	\$ 124,932	\$ 9,423	\$ 9,279	\$ 101,471	\$ 134,211
Capital assets (as restated)	140,088	141,164	79,939	72,635	220,027	213,799
Total assets	232,136	266,096	89,362	81,914	321,498	348,799
Other liabilities	8,759	14,726	577	1,626	9,336	16,352
Long-term debt outstanding	67,456	109,788	1,155	-	68,611	109,788
Total liabilities	76,215	124,514	1,732	1,626	77,947	126,140
Net assets:						
Invested in capital assets, net of debt	136,343	92,500	79,939	72,635	216,282	165,135
Restricted	2,882	5,209	-	-	2,882	5,209
Unrestricted	16,813	43,873	7,604	7,653	24,417	51,526
Total net assets	\$ 155,038	\$ 141,582	\$ 87,543	\$ 80,288	\$ 243,581	\$ 221,870

- Combined net assets of the Authority exceeded its combined liabilities at the close of fiscal year 2010 by \$244 million, compared with combined net assets a year earlier of \$222 million, a 9.9% and \$21.7 million increase.
- Of the \$21.7 million increase in net assets, significant contributors included a nearly \$5 million increase in property taxes collected, \$1.7 million in savings from lower debt service caused by early retirement of bonds, \$15.5 million in grant income much of which was spent on capital repairs and not recorded as current expense, and a decrease of 5% in operating expenses.
- Of this total increase in net assets, \$14.4 million was derived from the governmental operations of the East Jefferson, Lake Borgne and Orleans Levee Districts, and from Authority. The business-type operations of the Orleans Levee District contributed \$7.4 million in net asset increases.
- Of the \$14.4 million change in net assets contributed by the Governmental Funds, \$13 was generated by the Special Levee Improvement Fund of the Orleans Levee District.

Changes in Net Assets

The table on the following page describes the changes in net assets of the Authority during the current and prior fiscal years:

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010

(In Thousands)	Governmental		Business-Type		Authority	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 1,929	\$ 1,844	\$ 4,063	\$ 3,476	\$ 5,992	\$ 5,320
Operating expenses	(33,182)	(47,819)	(6,410)	(5,979)	(39,592)	(53,798)
Operating loss	(31,253)	(45,975)	(2,347)	(2,503)	(33,600)	(48,478)
Non-operating revenues (expenses)	41,326	33,426	(47)	8,333	41,279	41,759
Federal grants	6,894	19,522	8,852	11,263	15,746	30,785
Insurance	-	6,728	797	121	797	6,849
Transfers out, Algiers Levee District	(2,511)	(1,434)	-	-	(2,511)	(1,434)
Increase in net assets	\$ 14,456	\$ 12,267	\$ 7,255	\$ 17,214	\$ 21,711	\$ 29,481

- Charges to customers for rents and mineral production increased marginally. Interest earnings, following the market decline, fell \$1 million and 82%. Ad valorem tax revenue (excluding collections by the Orleans district on behalf of Algiers), increased by \$4.2 million and 12% on the full accrual basis, and reflected an increase in taxes supporting the Special Levee Improvement fund of the Orleans district of 21% and \$2.2 million. Ad valorem tax revenues for the East Jefferson and Lake Borgne Basin Levee Districts increased marginally.
- Federal grants declined \$15 million largely due to a \$12 million non-recurring grant from NASA in the prior year of which the Orleans Levee District acted as a pass-through entity for the funds to flow to the US Army Corps of Engineers. This decline is also due to completion of repairs to infrastructure and buildings due to damages caused by Hurricane Katrina.
- The decline in operating and non operating expenses is largely due to the decline in major maintenance and capital outlay, including \$12 million recorded as Capital spending equivalent to the \$12 million NASA grant received in fiscal 2009.

Capital Assets

The following table lists the capital assets of the Authority (net of depreciation) at the end of the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		Authority	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 14,048	\$ 14,048	\$ 22,055	\$ 22,055	\$ 36,103	\$ 36,103
Buildings and Improvements	7,414	10,225	38,690	32,108	46,104	42,333
Moveable property	3,479	107	152	289	3,631	396
Infrastructure	108,256	110,693	186	206	108,442	110,899
Construction in progress	6,891	6,092	18,857	17,977	25,748	24,069
Total	\$ 140,088	\$ 141,165	\$ 79,940	\$ 72,635	\$ 220,028	\$ 213,800

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010**

- Net investment in capital assets increased \$6.2 million in fiscal 2010, the result of continued rebuilding of assets, primarily in the Real Estate Division of the Orleans Levee District. Net investment for that division was \$7.2 million for the year. Funds were expended at the Orleans Marina to complete the rebuilding of the Harbor Master Building, at South Shore Harbor to replace piers and catwalks; and at the Airport, major repairs continued for hangars as well as the refurbishing of the NOLA Administration building.
- Since Hurricane Katrina, vast re-construction and improvements to the flood protection system has occurred, but at federal expense, which is not capitalized on the records of the Districts.
- Assets written off in fiscal year 2010 totaled \$433,658 with accumulated depreciation of \$354,808 for a net effect of \$78,850. The majority of the assets written off were \$174,513 for a 1995 AVL police vehicle tracking system that was never implemented and \$155,819 in portable radios. The radios were deemed unusable after Hurricane Katrina, and the District complied with the new communication guidelines and purchased a new radio communication system that will permit more effective communications with other government agencies during a catastrophic emergency.

Long Term Debt

The following table lists long-term obligations, including the amount of bonds due within one year:

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bonds	\$ 3,745	\$ 48,353	\$ -	\$ -	\$ 3,745	\$ 48,353
Notes Payable FEMA	10,636	10,350	-	-	10,636	10,350
Notes Payable Louisiana	26,126	26,126	-	-	26,126	26,126
Judgments and Legal Claims Payable	24,983	26,091	-	-	24,983	26,091
Other Post Employment Benefits	5,191	3,897	508	371	5,699	4,268
Compensated Absences	813	1,076	119	102	932	1,178
Total	\$71,494	\$115,893	\$ 627	\$ 473	\$72,121	\$116,366

- At the end of the current fiscal year, long-term obligations amounted to \$75 million, compared with \$116 million in the prior year. Along with bonds and notes payable, these obligations included judgments payable, contingent liabilities, post retirement benefit liability and compensated absences liability. The decrease in long term obligations reflects the early retirement of \$38.6 million in mortgage bonds, plus another \$4 million in scheduled principal payments.
- Post retirement obligations represent a current recognition of future benefit obligations that the Districts are responsible for.
- The Orleans Levee District has applied for forgiveness of all or part of the Notes Payable due to FEMA. The process is incomplete and the amount of forgiveness, if any, is therefore uncertain.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010**

Variances in Budgets and in Actual Results

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,389,000 while the amended budget had revenues of \$6,389,000, with the majority of the variance due to the increase in intergovernmental revenues. Actual results yielded an increase of \$528,893 to \$6,917,893, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,175,664. The amended budget provided for \$15,445,664 due to higher mineral revenues expected while greatly reducing investment income. Actual results yielded an increase to \$16,328,149, mainly due to the receipt of additional oil and gas revenues. The East Jefferson Levee District's original budget called for a total of \$7,623,000 while the amended budget had revenues of \$8,615,500 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$783,801 to \$9,399,301.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,979,450 while the amended budget had expenditures of \$7,979,450, with the majority of the variance due to major repairs. Actual results yielded results comparable to the amended budget. The East Jefferson Levee District's original budget called for a total of \$7,740,534 while the amended budget had expenditures of \$10,082,662, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Orleans Levee District's original budget called for a total of \$15,459,468 while the amended budget was increased to \$32,061,002 to reflect early retirement of bonds. Actual results yielded \$27,768,951, with the majority of the variance due to debt service payments. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was amended on February 18, 2010 with revisions to recognize the debt retirement and updated estimates for mineral revenue and interest revenue.

Economic Factors and Next Year's Budgets and Rates

The Authority's elected and appointed officials considered the following factors and indicators when establishing next year's budget, rates, and fees:

- Continued depressed economy
- Increased maintenance of completed USACE projects
- Changes in organizational processes
- The additional responsibilities vested in the Authority and the individual Districts
- Necessary major maintenance and project expenditures

Contacting the Authority's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Southeast Louisiana Flood Protection Authority – East's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact SLFPA-E at 6508 Spanish Fort Blvd, New Orleans, Louisiana 70124.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Combined Statement of Net Assets
June 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 84,698,657	\$ 100	\$ 84,698,757
Investments	7,760,754	-	7,760,754
Receivables	530,757	833,302	1,364,059
Due from other funds, net	(4,551,823)	4,551,823	-
Due from other governments	1,945,515	3,600,963	5,546,478
Inventory	406,422	-	406,422
Other assets	416,565	349,466	766,031
Restricted assets	841,121	-	841,121
Total current assets	92,047,968	9,335,654	101,383,622
Noncurrent assets:			
Capital assets:			
Land	14,048,432	22,054,735	36,103,167
Other capital assets, net of depreciation	126,039,742	57,884,683	183,924,425
Total noncurrent assets	140,088,174	79,939,418	220,027,592
TOTAL ASSETS	232,136,142	89,275,072	321,411,214
LIABILITIES			
Current liabilities:			
Payables	1,889,301	46,116	1,935,417
Contracts payable	439,428	453,741	893,169
Deferred revenues - current	35,775	-	35,775
Accrued compensated absences	67,018	39,493	106,511
Due to other agencies	2,223,609	-	2,223,609
Other liabilities	-	37,595	37,595
Payable from restricted assets:			
Bonds payable	625,000	-	625,000
Current portion of long term notes payable	3,346,000	-	3,346,000
Accrued bond interest payable	15,854	-	15,854
Total current liabilities	8,641,985	576,945	9,218,930
Noncurrent liabilities:			
Deferred revenues - noncurrent	-	567,146	567,146
Accrued compensated absences	746,220	79,253	825,473
Bonds payable	3,120,000	-	3,120,000
Long term notes payable	33,415,964	-	33,415,964
Judgments and legal claims payable	24,982,623	-	24,982,623
Post employment benefit liability	5,191,319	508,398	5,699,717
Total noncurrent liabilities	67,456,126	1,154,797	68,610,923
TOTAL LIABILITIES	76,098,111	1,731,742	77,829,853
NET ASSETS			
Invested in capital assets, net of related debt	136,343,174	79,939,418	216,282,592
Restricted for:			
Capital outlay	508,835	-	508,835
Debt service	312,500	-	312,500
Other reservations	2,235,162	-	2,235,162
Unrestricted	16,638,360	7,603,912	24,242,272
TOTAL NET ASSETS	\$ 156,038,031	\$ 87,543,330	\$ 243,581,361

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Combined Statement of Activities
For the Year Ended June 30, 2010

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
Flood and drainage protection	\$ 33,181,704	\$ 1,928,609	\$ 99,579	\$ 6,893,848	\$ (24,259,668)	\$ -	\$ (24,259,668)
Interest	1,421,521	-	-	-	(1,421,521)	-	(1,421,521)
Total governmental activities	34,603,225	1,928,609	99,579	6,893,848	(25,681,189)	-	(25,681,189)
Business-type activities:							
Alport	3,492,866	1,526,827	-	7,434,793	-	5,468,754	5,468,754
Madras	2,454,723	1,578,275	-	1,417,096	-	540,648	540,648
Other real estate	462,106	957,400	-	-	-	495,294	495,294
Total business-type activities	6,409,695	4,062,502	-	8,851,889	-	6,504,696	6,504,696
Total	\$ 41,012,920	\$ 5,991,111	\$ 99,579	\$ 15,745,737	\$ (25,681,189)	\$ 6,504,696	\$ (19,176,493)
General revenues and (expenses):							
Property taxes					39,076,415	-	39,076,415
Unrestricted intergovernmental revenues					1,776,870	-	1,776,870
Unrestricted investment earnings					260,831	-	260,831
Miscellaneous income					1,875,377	744,702	2,620,079
Insurance proceeds					-	797	797
Amortization of bond issuance cost					(284,243)	-	(284,243)
Litigation receipts (payments), net					(143,500)	5,000	(138,500)
Other income (expense)					86,731	-	86,731
Total general revenues and litigation payments					42,648,481	750,499	43,398,980
CHANGE IN NET ASSETS BEFORE TRANSFERS					16,967,292	7,255,195	24,222,487
Transfers out, Algiers Levee District					(2,511,064)	-	(2,511,064)
CHANGE IN NET ASSETS AFTER TRANSFERS					14,456,228	7,255,195	21,711,423
NET ASSETS AT BEGINNING OF YEAR					141,581,803	80,288,135	221,869,938
NET ASSETS AT END OF YEAR					\$ 156,038,031	\$ 87,543,330	\$ 243,581,361

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
COMBINED GOVERNMENTAL FUNDS
Combined Balance Sheet
June 30, 2010

ASSETS	ANTHONY GENERAL FUND	OLD GENERAL FUND	ELSD GENERAL FUND	ELSD GENERAL FUND	OLD GENERAL FUND	OLD REAL ESTATE FUND	OLD DIST SERVICE FUND	OLD GENERAL EMPLOYMENT FUND	OLD SUP FUND	BUILD CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	278,944	22,374,432	19,034,141	5,437,007	7,469,834	-	-	-	29,443,382	600,835	84,698,457
Investments, certificates of deposit with original maturities greater than 3 months	-	-	7,740,254	-	-	-	-	-	-	-	7,740,254
Receivables	-	228,580	3,047	20,791	5,567	-	-	-	177,892	-	530,770
Due from other funds	-	15,414,510	-	-	9,132,770	-	-	345,227	1,713,246	-	24,565,773
Due from other governments	62,797	9,612	-	1,049,231	207,234	-	-	370,319	23,700	-	1,743,513
Inventory	-	231,770	-	174,632	-	-	-	-	-	-	406,402
Restricted assets	-	524,621	-	-	-	-	312,000	-	-	-	841,181
Other assets	43,240	255,165	65,896	-	73,444	-	-	-	-	-	416,565
TOTAL ASSETS	455,000	39,118,510	26,855,578	6,481,871	16,890,871	312,000	312,000	874,146	31,460,192	600,835	123,165,646
LIABILITIES	57,748	812,941	191,307	599,407	227,458	-	-	33,120	129,441	-	1,887,301
Payables	-	-	-	-	27,487	-	-	-	-	-	27,487
Contracts payable	-	-	-	-	-	-	-	-	-	-	-
Due to other agencies	-	-	2,192,000	-	-	-	-	31,609	-	-	2,223,609
Deferred revenues - current	-	35,775	-	-	-	-	-	-	-	-	35,775
Due to other funds	-	8,537,943	-	-	16,933,228	-	-	3,979,845	1,444,042	-	31,117,898
Total liabilities	57,748	9,384,899	2,383,307	599,407	17,434,453	-	-	4,044,874	1,773,583	-	35,763,711
FUND BALANCE	43,240	28,821,619	24,472,271	5,882,464	14,456,418	312,000	312,000	840,272	30,686,609	600,835	87,401,935
Reserved for:	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-	-
Unreserved - designated	-	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	43,240	28,821,619	24,472,271	5,882,464	14,456,418	312,000	312,000	840,272	30,686,609	600,835	87,401,935
TOTAL LIABILITIES AND FUND BALANCES	455,000	39,118,510	26,855,578	6,481,871	16,890,871	312,000	312,000	874,146	31,460,192	600,835	123,165,646

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Combined Reconciliation of the Governmental Funds
Balance Sheet to the Combined Statement of Net Assets
June 30, 2010

Total governmental fund balances (Statement D)	\$ 87,459,855
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$82,643,758	140,088,174
Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued bond interest payable	(15,854)
Accrued compensated absences	(813,238)
Long Term Debt Payable	(40,506,964)
Judgments payable	(24,982,623)
Post employment benefits payable	(5,191,319)
Net Assets of Governmental Activities (Statement A)	<u>\$ 156,038,031</u>

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
State of Louisiana
Governmental Funds
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance
June 30, 2010

	OLD GENERAL FUND	EJLD GENERAL FUND	LBIRD GENERAL FUND	OLD REAL ESTATE FUND	OLD DEBT SERVICE FUND	OLD GENERAL IMPROVEMENT FUND	OLD SLIP FUND	LBIRD CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES									
Taxes	\$ 14,592,976	\$ 6,677,565	\$ 3,093,468	\$ -	\$ -	\$ -	\$ 12,000,352	\$ -	\$ 37,364,361
Intergovernmental	500,000	782,741	657,968	99,579	-	1,145,541	50,619	-	4,875,848
Interest earnings	780	38,199	131,873	15,360	-	-	49,567	2,874	260,831
Royalties, leases, and permits	-	1,922,938	-	442	-	-	-	-	1,924,809
Other	179,577	184,622	31,895	1,420,065	-	-	-	-	1,876,372
Total revenues	700,337	17,821,476	9,399,201	1,535,466	-	1,145,541	13,120,538	2,874	50,343,246
EXPENDITURES									
Current operating expenses, flood and dike/drop protection	617,203	10,034,940	5,097,431	6,648,952	-	-	3,331	-	28,227,383
Debt service	-	-	-	-	44,920,000	-	-	-	44,920,000
Principal	-	-	-	-	1,421,521	-	-	-	1,421,521
Interest	-	-	-	-	-	440,651	1,432,951	-	3,007,880
Capital outlay	9,430	395	584,585	339,468	-	-	-	-	-
Total expenditures	426,633	10,035,335	5,682,016	7,188,420	46,341,521	440,651	1,436,282	-	77,376,784
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES									
	73,524	7,486,709	3,717,285	(4,090,040)	(46,341,521)	704,890	11,484,056	2,874	(37,250,870)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	41,444,594	-	-	-	41,444,594
Transfers out	-	(16,578,948)	-	-	-	-	-	-	(16,578,948)
Transfer out, Algiers Levee District	-	(1,275,581)	-	-	-	-	(24,865,646)	-	(41,444,594)
Transfer between divisions	-	(1,357,425)	-	1,357,425	-	-	(1,235,483)	-	(2,311,064)
Litigation payments, net	-	(143,500)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(19,255,454)	-	1,357,425	41,444,594	-	(24,101,127)	-	(143,500)
NET CHANGES IN FUND BALANCES									
	73,524	(11,868,645)	3,717,285	(2,732,615)	(4,897,927)	704,890	(14,617,073)	2,874	(29,905,434)
FUND BALANCES AT BEGINNING OF YEAR	322,711	41,616,476	20,753,086	6,353,191	5,209,427	(3,897,318)	44,303,722	505,961	117,345,989
FUND BALANCES AT END OF YEAR	\$ 397,235	\$ 29,726,811	\$ 24,450,371	\$ 4,052,464	\$ 312,500	\$ (3,192,428)	\$ 29,686,649	\$ 508,835	\$ 87,459,855

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
GOVERNMENTAL FUNDS
Combined Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

Net changes in fund balance - total governmental funds (Statement D)	\$ (29,905,434)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset additions	4,109,134
Depreciation expense	(5,854,044)
Financing is reported as income in the governmental funds report, but are recognized as long term liabilities in the Statement of Net Assets	(286,350)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,958,696
Repayment of noncurrent debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Capital obligation principal payments	44,920,000
Amortization of deferred bond costs	(284,243)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	(15,304)
Legal claims and interest	1,108,538
Post employment benefit costs	(1,294,765)
Change in Net Assets of Governmental Activities (Statement B)	<u>\$ 14,456,228</u>

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010

For the Year Ended June 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	Variance with Final Budget Positive (Negative)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 23,225,664	\$ 24,225,664	\$ 25,193,193	\$ 967,529
Intergovernmental	2,018,000	4,374,500	5,098,109	723,609
Charges for services:				
Permits	83,000	83,000	408,478	325,478
Oil and gas royalties	80,000	1,400,000	1,682,020	282,020
Investment income	751,000	401,000	195,304	(205,696)
Miscellaneous	30,000	31,000	71,113	40,113
Total revenues	<u>26,187,664</u>	<u>30,515,164</u>	<u>32,648,217</u>	<u>2,133,053</u>
EXPENDITURES				
Flood and drainage protection:				
Personnel services	12,437,566	12,449,566	11,397,601	(1,051,965)
Travel	15,000	15,000	20,866	5,866
Contractual services	3,457,662	3,461,162	2,713,736	(747,426)
Materials and supplies	791,330	803,330	722,627	(80,703)
Professional services	1,372,553	1,374,686	1,146,349	(228,337)
Other charges	118,737	204,737	3,279	(201,458)
Machinery and equipment	1,281,600	1,559,900	1,240,125	(319,775)
Miscellaneous	65,332	65,332	39,256	(26,076)
Total expenditures	<u>19,539,780</u>	<u>19,933,713</u>	<u>17,283,839</u>	<u>(2,649,874)</u>
Excess of revenues over expenditures	<u>6,647,884</u>	<u>10,581,451</u>	<u>15,364,378</u>	<u>4,782,927</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	22,292	22,292
Major maintenance	(5,563,700)	(10,747,700)	(5,799,924)	4,947,776
Debt service	(2,975,972)	(19,306,701)	(16,578,948)	2,727,753
Collection of Algiers' taxes	-	1,150,000	1,171,036	21,036
Transfer to affiliates	(43,000)	(1,185,000)	(1,275,581)	(90,581)
Litigation payments	(100,000)	(100,000)	(143,500)	(43,500)
Total other financing sources (uses)	<u>(8,682,672)</u>	<u>(30,189,401)</u>	<u>(22,604,625)</u>	<u>7,584,776</u>
NET CHANGES IN FUND BALANCES	(2,034,788)	(19,607,950)	(7,240,247)	12,367,703
FUND BALANCES AT BEGINNING OF YEAR	69,238,714	69,238,714	69,238,714	-
FUND BALANCES AT END OF YEAR	\$ 67,203,926	\$ 49,630,764	\$ 61,998,467	\$ 12,367,703

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Net Assets
June 30, 2010

	ORLEANS MARINA	SOUTH SHORE HARBOR MARINA	LAKEFRONT AIRPORT	LAKE VISTA COMMUNITY CENTER	NEW BASIN CANAL	TOTAL PROPRIETARY FUNDS
ASSETS						
Current assets:						
Cash	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
Receivables (net of allowance for uncollectibles)	67,884	345	654,060	42,912	68,101	833,302
Due from other governments	380,474	913,360	2,304,297	-	2,832	3,600,963
Due from other funds	2,061,329	6,113,095	2,992,025	56,563	2,369,865	13,592,877
Other assets	51,083	69,817	209,293	19,599	674	349,466
Total current assets	2,560,870	7,096,617	6,159,675	118,074	2,441,472	18,376,708
Noncurrent assets:						
Land	301,339	3,358,103	15,449,799	23,023	2,922,471	22,054,735
Other capital assets (net of accumulated depreciation)	1,739,914	21,276,482	34,199,348	482,408	186,331	57,894,483
Total noncurrent assets	2,041,253	24,634,585	49,649,147	505,431	3,108,802	79,939,418
TOTAL ASSETS	\$ 4,602,123	\$ 31,731,202	\$ 55,808,822	\$ 623,705	\$ 5,550,274	\$ 98,316,126
LIABILITIES						
Liabilities:						
Current liabilities:						
Accounts payables	\$ 18,880	\$ 25,710	\$ 1,326	\$ -	\$ -	\$ 46,116
Contracts payable	-	-	453,741	-	-	453,741
Accrued compensated absences	10,674	457	28,362	-	-	39,493
Due to other funds	22,451	3,782,914	5,234,635	854	-	9,041,054
Other liabilities	27,216	2,810	-	2,649	4,920	37,595
Total current liabilities	79,421	3,811,891	5,718,264	3,503	4,920	9,617,999
Noncurrent liabilities:						
Deferred revenues	-	567,146	-	-	-	567,146
OPEB liability	161,973	-	346,425	-	-	508,398
Accrued compensated absences	21,670	-	57,583	-	-	79,253
Total noncurrent liabilities	183,643	567,146	404,008	-	-	1,154,797
TOTAL LIABILITIES	263,064	4,379,037	6,122,272	3,503	4,920	10,772,796
NET ASSETS						
Invested in capital assets (net of related debt)	2,041,253	24,634,585	49,649,147	505,431	3,108,802	79,939,418
Unrestricted	2,297,806	2,717,580	37,403	114,571	2,436,552	7,603,912
TOTAL NET ASSETS	\$ 4,339,059	\$ 27,352,165	\$ 49,686,550	\$ 620,202	\$ 5,545,354	\$ 87,543,330

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended June 30, 2010

	ORLEANS MARINA	SOUTH SHORE HARBOR MARINA	LAKEFRONT AIRPORT	LAKE VISTA COMMUNITY CENTER	NEW BASIN CANAL	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES						
Charges for services:						
Rentals	\$ 1,274,587	\$ 303,688	\$ 1,052,127	\$ 118,869	\$ 838,531	\$ 3,587,802
Fuel farm sales and fees	-	-	474,700	-	-	474,700
Total charges for services	1,274,587	303,688	1,526,827	118,869	838,531	4,062,502
Miscellaneous	9,134	271,097	460,734	3,737	-	744,702
Total operating revenues	1,283,721	574,785	1,987,561	122,606	838,531	4,807,204
OPERATING EXPENSES						
Personnel services	424,010	102,262	959,600	-	731	1,486,603
Travel	-	-	1,008	-	-	1,008
Contractual services	210,511	206,502	867,964	73,885	814	1,359,676
Materials and supplies	88,241	32,964	67,157	1,612	603	190,577
Professional services	79,231	24,670	248,164	24,974	26,537	403,576
Other charges	128,781	43,413	320,358	121,287	99,398	713,237
Depreciation	79,919	1,016,329	1,026,818	91,609	19,223	2,233,898
Major maintenance	-	17,890	1,797	1,233	-	20,920
Total operating expenses	1,010,693	1,444,030	3,492,866	314,600	147,506	6,409,695
NET OPERATING INCOME	273,028	(869,245)	(1,505,305)	(191,994)	691,025	(1,602,491)
NONOPERATING REVENUES						
Grant income	10,356	1,406,740	7,434,793	-	-	8,851,889
Insurance proceeds	-	797	-	-	-	797
Proceeds from litigation	5,000	-	-	-	-	5,000
Total nonoperating revenues	15,356	1,407,537	7,434,793	-	-	8,857,686
CHANGES IN NET ASSETS	288,384	538,292	5,929,488	(191,994)	691,025	7,255,195
TOTAL NET ASSETS AT BEGINNING OF YEAR	4,050,675	26,813,873	43,757,062	812,196	4,854,329	80,288,135
TOTAL NET ASSETS AT END OF YEAR	\$ 4,339,059	\$ 27,352,165	\$ 49,686,550	\$ 620,202	\$ 5,545,354	\$ 87,543,330

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2010

	MAJOR FUNDS			NON-MAJOR FUNDS	TOTAL PROPRIETARY FUNDS
	ORLEANS MARINA	SOUTH SHORE HARBOR MARINA	LAKEFRONT AIRPORT	LAKE VISTA and NEW BASIN CANAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,363,229	\$ 591,094	\$ 1,775,386	\$ 1,130,913	\$ 4,860,622
Payments to suppliers	(520,793)	(649,283)	(1,242,935)	(348,141)	(2,761,152)
Payments to employees	(375,436)	(101,805)	(855,251)	(931)	(1,333,423)
Internal activities - payments to other funds	(461,620)	(540,957)	(135,759)	(781,841)	(1,920,177)
Net cash provided (used) by operating activities	5,380	(700,951)	(458,559)	-	(1,154,130)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from federal and state grants	24,551	2,833,587	7,828,124	-	10,686,262
Purchase of capital assets	(36,046)	(2,133,690)	(7,372,436)	-	(9,542,172)
Proceeds from sale of capital assets	1,115	257	2,871	-	4,243
Insurance proceeds	-	797	-	-	797
Proceeds from litigation	5,000	-	-	-	5,000
Net cash provided (used) by capital and related financing activities	(5,380)	700,951	458,559	-	1,154,130
Net increase in cash	-	-	-	-	-
Cash balances, beginning	100	-	-	-	100
Cash balances, ending	\$ 100	\$ -	\$ -	\$ -	\$ 100
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 273,028	\$ (869,245)	\$ (1,505,305)	\$ 499,031	\$ (1,602,491)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Cash flows reported in other categories:					
Depreciation expense	79,919	1,016,329	1,026,818	110,832	2,233,898
Change in assets and liabilities:					
Receivables, net	79,508	118	(212,175)	169,776	37,227
Prepaid expenses and other assets	(8,109)	(14,075)	13,734	(69)	(8,519)
Receivables from other funds	(470,753)	(541,748)	-	(782,106)	(1,794,607)
Accounts and other payables	42,654	(293,121)	354,128	2,271	105,932
Payables to other funds	9,133	791	(135,759)	265	(125,570)
Net cash provided by operating activities	\$ 5,380	\$ (700,951)	\$ (458,559)	\$ -	\$ (1,154,130)

The notes to the financial statements are an integral part of this statement.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Supplemental Schedule of Surveys, Feasibility Studies, and Special Studies
For the Year Ended June 30, 2010

Southeast Louisiana Flood Protection Authority - East

Seismic Characterization of Distressed Flood Protection Barriers	\$ 30,000
Total	<u>\$ 30,000</u>

Orleans Levee District

Lakefront Airport Master Plan	\$ 160,232
Total	<u>\$ 160,232</u>

Lake Borgne Basin Levee District

Feasibility Investigation of Providing Safe Rooms at Lake Borgne Levee District Drainage Pump Stations No. 1, 4, 6, 7, and 8.	\$ 49,920
Total	<u>\$ 49,920</u>

East Jefferson Levee District

Surveying of West Return Levee	\$ 9,580
Project Management and Right-of-Way Consulting Services	22,697
Study Phase for Foreshore Protection	32,809
Survey and Geotechnical Services for Foreshore Protection	112,036
Project Design for Foreshore Protection	382,807
Contract Engineering Services for Foreshore Protection	<u>560</u>
Total	<u>\$ 560,489</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The Southeast Louisiana Flood Protection Authority - East (the "Authority") was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:330.1. The Authority's primary purpose is regional coordination of flood protection of the following levee districts and parts of levee districts and parishes:

- East Jefferson Levee District ("EJLD")
- Lake Borgne Basin Levee District ("LBBLD")
- That portion of the Orleans Levee District east of the Mississippi River ("OLD")
- St. Tammany Levee District
- Tangipahoa Levee District

For the purposes of this report, the "Authority" combines the financial activity of the Orleans Levee District, the East Jefferson Levee District, and the Lake Borgne Basin Levee District.

In order to promote such coordination over parochial concerns, approval of a proposed project (program, engineering activities) shall require the favorable vote of at least two-thirds of the total voting membership of the board, regardless of whether the project is limited to one or more levee districts within the territorial jurisdiction of the Authority.

"Project" means a program or engineering activity, either new or continuing, that will be planned and implemented with the primary goal being the reduction of existing flood damages. "Program" means the flood control system which may include, but not be limited to, flood proofing, waterproofing, ring dikes relocation assistance, information programs, formulation of codes, and engineering studies. "Engineering activities" means functions which may include, but not be limited to, dams, reservoirs, levees, dikes, floodwalls, diversions, channel alterations such as snagging and channel straightening, or site detention, spillways, and land treatment.

The Authority is governed by a board of commissioners (the "Board"), consisting of nine members, of whom there shall be exactly one member from each parish within the territorial jurisdiction of the Authority. The members shall be appointed by the governor from nominations submitted by the nominating committee as follows:

1. Five members who shall either be an engineer or a professional in a related field such as geotechnical, hydrological, or environmental science. Of the five members, one member shall be a civil engineer.
2. Two members who shall be a professional in a discipline other than that occurring in item 1, with at least ten years of professional experience in that discipline.
3. Two members who shall be at-large.

Regular monthly meetings of the board shall be convened on a rotating basis at a place to be determined by the Board in a levee district under the jurisdiction of the Authority. The Authority's office is located in New Orleans, Louisiana.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

1. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities), report information about the SLFPA-E as a whole.

The Statement of Activities demonstrates the degree to which the direct expenses of the given functions are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function (allocated to functions based on actual revenues and expenditures) and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

2. Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The SLFPA-E considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. For certain grants for which collectability is assured, the Authority uses a period greater than 60 days. Expenditures generally are recorded when a liability is incurred under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest revenues associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the SLFPA-E.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds

The **Authority General Fund** is used to account for all financial activity associated with the primary purpose for which the Authority was created.

The **OLD General Fund** is the primary operating fund of the OLD as relates to the flood protection purpose of the organization. The fund accounts for all financial resources related to flood control functions, except those required to be accounted for in other funds.

The **EJLD General Fund** is the primary operating fund of the EJLD as relates to the flood protection purpose of the organization.

The **LBBLD General Fund** is the primary operating fund of the LBBLD as relates to the flood protection purpose of the organization. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The **OLD Real Estate Fund** is a companion fund to the OLD General Fund, used to provide management and administration of non-flood control operations, including the District's proprietary funds as well as parks, roadways, and public safety functions.

The **OLD Debt Service Fund** is used to account for transactions relating to resources retained and used for the payment of general long-term debt principal, interest, and related costs.

The **OLD Capital SLP Funds** is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities.

The **OLD General Improvement Fund** is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities.

The **LBBLD Capital Projects Fund** is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

D. Other Significant Accounting Policies

Assets, Liabilities, and Equity

Cash

For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand, pooled cash accounts, and certificates of deposit with an original maturity of three months or less. Additional cash disclosures are presented in Note 3.

Receivables

All accounts receivable are shown net of an allowance for uncollectible amounts.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Supplies are charged to inventory and expensed when used.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective April 1, 2010, the Authority and its related districts implemented a \$5,000 minimum capitalization threshold. The following are the major classes of capital assets and their related asset lives:

<u>Description</u>	<u>Years</u>
Land improvements	20
Buildings and building improvements	40
Furniture and fixtures	7-10
Vehicles	7
Equipment	3-20
Infrastructure	40

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. There is no limitation to the amount of annual and sick leave each employee may accumulate. Upon termination employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges computed in accordance with GASB Codification Section C60 is recognized as a current year expenditure in the fund when leave is actually taken.

The related amounts for the Orleans, East Jefferson, and Lake Borgne Basin Levee Districts are noted within the long-term obligation schedules beginning on page 29 of this report.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

Formal budgetary accounting is employed as a management control device during the year for the SLFPA-E General Fund, the OLD General Fund, the LBBLD General Fund, the EJLD General Fund, and for the construction funds of OLD and LBBLD.

Expenditures are controlled at a major cost category level. Executive Directors may reallocate resources among cost categories and departments so long as aggregate cost does not change. Changes to the budgets that will change total revenue or expense must be approved by the Board. Budgets are prepared generally on a cash basis. Encumbrances expire at fiscal year end and do not roll to the subsequent year.

By April 1 of each year, the Board submits the annual budgets to the Joint Legislative Committee on the Budget and to the Legislative Auditor of the State of Louisiana for the succeeding fiscal year. The operating and capital budgets include proposed expenditures and the means of financing them.

The original budget for SLFPA-E, OLD, LBBLD, and EJLD were adopted on March 19, 2009. The amended general fund budgets for EJLD were adopted on March 18, 2010. The amended budget for LBBLD was adopted on May 20, 2010. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying statements.

Budget Amendments

The Authority made several supplemental budgetary appropriations during the year. The most significant of the changes made are described below.

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,389,000 while the amended budget had revenues of \$6,389,000, with the majority of the variance due to the increase in intergovernmental revenues. Actual results yielded an increase of \$528,893 to \$6,917,893, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,175,664. The amended budget provided for \$15,445,664 due to higher mineral revenues expected while greatly reducing investment income. Actual results yielded an increase to \$16,328,149, mainly due to the receipt of additional oil and gas revenues. The East Jefferson Levee District's original budget called for a total of \$7,623,000 while the amended budget had revenues of \$8,615,500 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$783,801 to \$9,399,301.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,979,450 while the amended budget had expenditures of \$7,979,450, with the majority of the variance due

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

to major repairs. Actual results yielded results comparable to the amended budget. The East Jefferson Levee District's original budget called for a total of \$7,740,534 while the amended budget had expenditures of \$10,082,662, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Orleans Levee District's original budget called for a total of \$15,459,468 while the amended budget was increased to \$32,061,002 to reflect early retirement of bonds. Actual results yielded \$27,768,951, with the majority of the variance due to debt service payments. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was amended on February 18, 2010 with revisions to recognize the debt retirement and updated estimates for mineral revenue and interest revenue.

Investments

East Jefferson Levee District maintains investment accounts as authorized by LRS 33-2955. In addition, GASB 40 requires separate disclosure of investments that are considered to be exposed to custodial credit risk. As of June 30, 2010, East Jefferson Levee District reported a fair value of \$7,760,754 of certificates of deposits and money market accounts of which none are exposed to custodial credit risk.

Deposits with Financial Institutions

At June 30, 2010, the Authority had cash and cash equivalents (book balances) totaling \$84,698,757. The following schedule summarizes these balances:

SLFPA-E	\$ 328,966
Orleans Levee District	59,389,768
East Jefferson Levee District	19,034,161
Lake Borgne Basin Levee District	<u>5,945,862</u>
Total	<u>\$ 84,698,757</u>

State statutes authorize the Authority to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash is stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Receivables

The following schedule displays the June 30, 2010 balances in receivables by district.

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Authority</u>
Ad Valorem Taxes	\$ -	\$ 380,000	\$ -	\$ 16,760	\$ 396,760
Governmental	82,797	4,414,430	-	1,049,251	5,546,478
Customers and other, net of allowance for doubtful accounts	-	960,051	3,067	4,181	967,299
	<u>\$ 82,797</u>	<u>\$ 5,754,481</u>	<u>\$ 3,067</u>	<u>\$ 1,070,192</u>	<u>\$ 6,910,537</u>

Payables

Payables at June 30, 2010 were as follows:

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Authority</u>
Vendors and Employees	\$ 57,768	\$ 1,086,935	\$ 191,307	\$ 599,407	\$ 1,935,417
Contracts Payable	-	893,169	-	-	893,169
Other Government	-	31,609	2,192,000	-	2,223,609
	<u>\$ 57,768</u>	<u>\$ 2,011,713</u>	<u>\$ 2,383,307</u>	<u>\$ 599,407</u>	<u>\$ 5,052,195</u>

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Capital Assets

Orleans Levee District

Assets written off in fiscal year 2010 totaled \$433,658 with accumulated depreciation of \$354,808 for a net effect of \$78,850. The majority of the assets written off were \$174,513 for a 1995 AVL police vehicle tracking system that was never implemented and \$155,819 in portable radios. The radios were deemed unusable after Hurricane Katrina, and the District complied with the new communication guidelines and purchased a new radio communication system that will permit more effective communications with other government agencies during a catastrophic emergency.

The following schedules summarize the changes in capital assets by district during the fiscal year:

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Government Activities:				
Capital Assets, not being depreciated:				
Land	\$ 11,329,254	\$ -	\$ -	\$ 11,352,954
Construction in progress	6,090,758	1,653,055	(852,250)	6,891,294
Total capital assets not being depreciated	17,443,712	1,653,055	(852,250)	18,244,248
Capital Assets, being depreciated:				
Buildings	10,303,802	798,875	-	11,102,677
Improvements other than buildings	11,060,363	37,302	(26,250)	11,071,415
Equipment	8,352,155	1,003,121	(664,655)	8,690,621
Infrastructure	130,979,179	1,688,028	-	132,667,207
Total capital assets, being depreciated	160,695,499	3,527,326	(664,655)	163,531,921
Less accumulated depreciation for:				
Buildings	5,069,253	321,623	-	5,390,876
Improvements other than buildings	7,980,330	210,531	-	8,190,861
Equipment	6,526,785	711,635	(587,270)	6,651,149
Infrastructure	38,843,534	3,436,215	-	42,279,749
Total accumulated depreciation	58,419,902	4,680,003	(587,270)	62,512,635
Total capital assets, being depreciated, net	102,275,597	(1,152,677)	(103,634)	101,019,286
Governmental activities capital assets, net	\$ 119,719,309	\$ 500,378	\$ (956,154)	\$ 119,263,533
	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-type activities:				
Capital Assets, not being depreciated:				
Land	\$ 22,054,735	\$ -	\$ -	\$ 22,054,735
Construction in progress	17,978,497	9,614,493	(8,735,884)	18,857,107
Total capital assets not being depreciated	40,033,231	9,614,493	(8,735,884)	40,911,842
Capital Assets, being depreciated:				
Buildings	9,087,269	815,925	-	9,903,194
Improvements other than buildings	87,507,835	7,842,630	-	95,350,465
Equipment	1,869,135	6,131	(51,216)	1,824,050
Infrastructure	401,111	-	-	401,111
Total capital assets, being depreciated	98,895,351	8,664,687	(51,216)	107,478,820
Less accumulated depreciation for:				
Buildings	5,837,809	275,541	-	6,113,350
Improvements other than buildings	58,649,195	1,801,077	-	60,450,272
Equipment	1,580,633	139,184	(46,973)	1,672,844
Infrastructure	195,558	19,223	-	214,781
Total accumulated depreciation	66,263,195	2,235,024	(46,973)	68,451,247
Total capital assets, being depreciated, net	32,602,156	6,429,663	(4,244)	39,027,572
Business-type activities capital assets, net	\$ 72,665,387	\$ 16,044,156	\$ (8,740,127)	\$ 79,939,416

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

East Jefferson Levee District

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Government Activities:				
Capital Assets, not being depreciated:				
Land	\$ 2,438,524	\$ -	\$ -	\$ 2,438,524
Total capital assets not being depreciated	2,438,524	-	-	2,438,524
Capital Assets, being depreciated:				
Buildings	1,640,596	-	-	1,640,596
Improvements other than buildings	3,214,861	408,056	(20,000)	3,602,917
Infrastructure	3,200,000	-	-	3,200,000
Total capital assets, being depreciated	8,055,457	408,056	(20,000)	8,443,513
Less accumulated depreciation for:				
Buildings	956,303	43,231	-	999,534
Improvements other than buildings	2,149,421	299,462	(20,000)	2,428,883
Infrastructure	1,172,500	80,000	-	1,252,500
Total accumulated depreciation	4,278,224	422,693	(20,000)	4,680,917
Total capital assets, being depreciated, net	3,777,233	(14,637)	-	3,762,596
Governmental activities capital assets, net	\$ 6,215,757	\$ (14,637)	\$ -	\$ 6,201,120

Lake Borgne Basin Levee District

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental activities:				
Capital Assets, not being depreciated:				
Land	\$ 256,954	\$ -	\$ -	\$ 256,954
Construction in progress	-	-	-	-
Total capital assets not being depreciated	256,954	-	-	256,954
Capital Assets, being depreciated:				
Buildings, equipment and infrastructure	29,732,652	339,668	(255,546)	29,816,774
Total capital assets, being depreciated	29,732,652	339,668	(255,546)	29,816,774
Less accumulated depreciation for:				
Buildings, equipment and infrastructure	14,760,117	929,519	(239,430)	15,450,206
Total accumulated depreciation	14,760,117	929,519	(239,430)	15,450,206
Total capital assets, being depreciated, net	14,972,535	(589,851)	(16,116)	14,366,568
Governmental activities capital assets, net	\$ 15,229,489	\$ (589,851)	\$ (16,116)	\$ 14,623,522

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Long-Term Debt

The following schedules summarize the changes in long-term debt by district during the fiscal year:

Orleans Levee District

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30, 2010</u>	<u>One Year</u>
Governmental activities:					
Levee Improvement:					
Fixed Rate Refunding Bonds, Series 1986	\$ 26,690,000	\$ -	\$(26,690,000)	\$ -	\$ -
Variable Rate Refunding Bonds, Series 1996	2,980,000	-	(425,000)	2,555,000	455,000
Total Levee Improvement Bonds Payable	29,670,000	-	(27,115,000)	2,555,000	455,000
Public Improvement:					
Fixed Rate Refunding Bonds, Series 1986	17,645,000	-	(17,645,000)	-	-
Variable Rate Refunding Bonds, Series 1996	1,350,000	-	(160,000)	1,190,000	170,000
Total Public Improvement Bonds Payable	18,995,000	-	(17,805,000)	1,190,000	170,000
Less:					
Unamortized issue costs	(170,464)	-	154,990	(15,474)	-
Unamortized discounts	(124,877)	-	124,877	-	-
Unamortized loss on refunding	(16,162)	-	4,376	(11,786)	-
Net Public Improvement Bonds Payable	18,683,497	-	(17,520,757)	1,162,740	170,000
Long Term Borrowing From State of Louisiana	26,125,671	-	-	26,125,671	-
Community Disaster Loans	10,349,943	286,350	-	10,636,293	3,346,000
Total Bonds and Notes Payable	84,829,111	286,350	(44,635,757)	40,479,704	3,971,000
Compensated Absences	491,926	-	(9,179)	501,105	27,018
Judgments	26,091,161	42,629	(1,151,167)	24,982,623	-
Post-employment benefit liability	2,110,241	776,727	-	2,869,035	-
Governmental activity long-term liabilities	113,504,506	1,105,706	(45,777,745)	68,832,467	3,998,018
Business Type Activities					
Compensated Absences	102,437	50,113	(33,804)	118,746	39,493
Post-employment benefit liability	371,328	137,070	-	508,398	-
Total Long Term Obligations	\$114,273,832	\$ 1,302,068	\$(45,820,728)	\$ 69,459,611	\$ 4,037,511

Lake Borgne Basin Levee District

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30, 2010</u>	<u>One Year</u>
Governmental activities:					
Accrued compensated absences	\$ 125,748	\$ 72,584	\$ (75,196)	\$ 123,136	\$ 40,000
Post-employment benefit liability	1,366,269	459,700	(60,438)	1,765,531	-
Total Long Term Obligations	\$ 1,492,017	\$ 532,284	\$ (135,634)	\$ 1,888,667	\$ 40,000

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

East Jefferson Levee District

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30, 2010</u>	<u>One Year</u>
Governmental activities:					
Accrued compensated absences	\$ 180,260	\$ 141,448	\$ (132,711)	\$ 188,997	\$ -
Post-employment benefit liability	420,044	176,720	(40,011)	556,753	-
	<hr/>				
Total general long-term debt	\$ 600,304	\$ 318,168	\$ (172,722)	\$ 745,750	\$ -

Community Disaster Loans

The CDL Act of 2006, authorized up to \$1 billion in direct loans to local governments and organizations providing government services that were adversely affected by a disaster affecting its ability to provide essential municipal services. During the period July through September, 2006, the Orleans Levee District executed a series of promissory notes under the CDL Program with the Federal Emergency Management Agency, to obtain funds necessary to replace working capital used in the aftermath of Hurricane Katrina. The loans had to be used solely for operating expenses and could not be used for construction or debt service. Monies borrowed under these agreements were used to replace funds that paid salaries and benefits for District personnel over the 11-month period following the hurricane.

Amounts of the notes and respective interest rates are:

	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
1. 1603LA57	06/21/2011	\$ 3,346,000	3.12%
2. 1603LA57A	08/27/2011	671,734	2.93%
3. 1603LA74A	09/10/2011	230,752	2.87%
4. 1603LA74B	08/27/2011	<u>5,312,334</u>	2.93%
Total		<u>\$ 9,560,820</u>	

No repayment is required for 5 years from the date of issuance, but interest accrues from the disbursement date. Interest accrued during the fiscal year ending June 30, 2010 amounted to \$286,350, and the total amount outstanding, including interest at June 30, 2010 was \$10,636,293. Current portions due amount to \$3,346,000.

As collateral for these notes the District has provided a subordinated pledge of its revenues from its various real estate and mineral holdings located in Orleans and Plaquemines Parishes, Louisiana. The pledge is on net revenue after payment of all operating expenses and debt service, and is further subordinated to any future debt instruments secured on a first lien basis.

The Orleans Levee District has applied for forgiveness of a portion or all of these loans. For further discussion please refer to the Subsequent Disclosures Footnote on page 49.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Loans from the State of Louisiana

On July 19, 1996 the Orleans Levee District entered into a cooperative endeavor agreement with the State of Louisiana constituting a loan agreement between the two parties wherein the State agreed to lend to the District \$26,125,671 for the sole purpose of paying the debt service on the then outstanding 1986 and 1996 Series, Special Levee and Public Improvement bonds described in the paragraphs above. The agreement provides assurance that financial disruptions brought on by Hurricanes Katrina and Rita would not cause a failure in the ability of the District to meet its obligations to bondholders.

The terms of the loan include a maturity date 20 years from the delivery of the bonds issued by the State. In the first five years, neither principal nor interest are payable. Thereafter the loan will bear interest at a fixed rate of 4.64% and shall be repaid in level installments over the remaining 15 years of the agreement's term. The District has the right to request one additional extension of its obligation to begin payments, not to exceed five years. Such an extension can be made at the sole judgment of the Office of Community Development approved in writing by the Commissioner of Administration. The funds are to be used solely for payment of debt service on the identified bonds. The loan is payable from available revenue and subordinated to the existing obligations of the borrower.

The State issued bonds noted above were delivered in 2006. For the purposes of reporting future debt payments, no extension requests are assumed.

At 4.64% interest, assuming all funds are borrowed, the annual installment due for debt service beginning in fiscal 2012 is \$2,456,132 through 2026. The amount outstanding as of June 30, 2010 is \$26,125,671.

Property Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the District in November and billed to the taxpayers in December. Billed taxes become delinquent on January 1, of the following year.

Orleans Levee District

Article 6, Section 39 of the 1974 Louisiana Constitution provides that the District may levy an annual tax not to exceed 5.46 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto. If the District needs to raise additional funds in excess of the amount authorized by the constitution, the taxes in excess of 5.46 mills must be approved by a majority vote of the electors of Orleans Parish.

By general election held in the City of New Orleans on November 19, 1983, the voters of the parish of Orleans elected to continue a 6.55 mill ad valorem tax on assessed property for a

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

period of 30 years (1985-2015) to finance hurricane and flood protection projects and to fund the retirement of levee improvement bonds. The electorate also approved an on-going maintenance tax of 0.75 mills for maintaining the flood protection system.

As a result of the quadrennial assessment conducted prior to the tax assessment of 2008, the millage rates were reduced from the levels assessed in 2007. Actions by the Board adjusted the millage rates in both 2009 and 2010. The following table shows the maximum rates as well as the rates billed in 2010:

	<u>Authorized</u>	<u>Levied 2010</u>
Parish-wide taxes:		
Constitutional	5.46	5.46
Maintenance	0.75	0.75
Levee Improvement	6.55	5.46
	<u>12.76</u>	<u>11.67</u>

The rates authorized and levied have been adjusted because of reassessment of property as provided in Article 7, Section 23 of the 1974 Louisiana Constitution.

At June 30, 2010, approximately \$803,894 of property taxes have been paid under protest and is, therefore, not recorded in the financial statements. The resolution of these protests is not determinable at this time.

Lake Borgne Basin Levee District / East Jefferson Levee District

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee districts may levy annually a tax not to exceed five mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors. As of June 30, 2010, no taxes have been levied.

NOTE 4 – PENSION PLAN

SLFPA-E

Effective May 10, 2007, all full-time employees of the SLFPA-E are members of the Louisiana State Employees' Retirement System (the "System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. Vested employees may retire at (a) any age with thirty years of service or (b) age 55 with twenty-five years of service. A participant's basic annual retirement benefit is

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 4 – PENSION PLAN (CONTINUED)

equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Participants who became members of the System on or after July 1, 1986 are not eligible for the \$300 addition to the annual retirement benefit formula. The maximum annual retirement benefit may not exceed the lesser of 100% of a member's average compensation or certain specified dollar amounts of actuarially determined monetary limits depending upon the member's age at retirement. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System.

Covered employees are required by State statute to contribute 7.5% of their gross salary to the System. The Authority's contribution rate for 2010 was 18.6%. The Authority's contribution rate for 2009 was 18.5%. Contributions to the System during fiscal year ended June 30, 2010 were funded through employee and employer contributions. Employer contributions were \$32,568. The total payroll of the Authority, fully covered by the system, was \$177,312. Under present statutes, the Authority does not guarantee any of the benefits granted by the system.

Orleans Levee District

Substantially all employees of the District are members of the Louisiana State Employees' Retirement System (the "System"), a cost sharing, multiple-employer, defined benefit, pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of their highest successive 60 months average salary multiplied by their years of credited service.

Regular Members hired on or before June 30, 2006, may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. Benefits

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 4 – PENSION PLAN (CONTINUED)

are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P.O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, if they were hired prior to July 1, 2006, and 8% after July 1, 2006. The contribution rate for the fiscal year ending June 30, 2010 was 18.6%. The contribution rate for fiscal years ended June 30, 2009 and 2008 were 18.5% and 20.4%, respectively. The District's contribution to the System for the years ending June 30, 2010, 2009 and 2008 were \$971,670, \$1,362,907, and \$991,929, respectively, equal to the required contributions for each year.

Lake Borgne Basin Levee District

Substantially all of the employees of the Lake Borgne Basin Levee District are members of the Louisiana State Employees' Retirement System (the "System"), a multiple-employer, defined benefit, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of their highest successive 60 months average salary multiplied by their years of credited service.

Regular Members hired on or before June 30, 2006, may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P.O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 256-3000.

Members employed on or before June 30, 2006 are required by state statute to contribute 7.5% of gross salary, all other members are required to contribute 8% and the Lake Borgne Basin Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2010 was 18.6%. The contribution rates for fiscal years ended June 30, 2009 and 2008 were 18.5% and 20.4%, respectively. The District's contributions to the System during the fiscal years ended June 30, 2010, 2009, and 2008 were \$186,450, \$177,233, and \$183,387, respectively, equal to the

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 4 – PENSION PLAN (CONTINUED)

required contributions for the year. Under present statutes, the Lake Borgne Basin Levee District does not guarantee any of the benefits granted by the System.

East Jefferson Levee District

Substantially all of the employees of the East Jefferson Levee District are members of the Louisiana State Employees' Retirement System (the "System"), a multiple-employer, defined benefit, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of their highest successive 60 months average salary multiplied by their years of credited service.

Regular Members hired on or before June 30, 2006, may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P.O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 256-3000.

Members employed on or before June 30, 2006 are required by state statute to contribute 7.5% of gross salary. All other members are required to contribute 8% and the East Jefferson Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2010 was 18.6%. The contribution rate for fiscal years ended June 30, 2009 and 2008 were 18.5% and 20.4%, respectively. The District's contributions to the System during the fiscal years ended June 30, 2010, 2009, and 2008, were \$333,931, \$321,309, and \$336,427, respectively, equal to the required contributions for each year. Under present statutes, the East Jefferson Levee District does not guarantee any of the benefits granted by the system.

NOTE 5 - STATE GRANTS

The Authority receives funding from the Louisiana Department of Environmental Protection to carry out the purpose for which the Authority was organized. For the year ended June 30, 2010, the Authority received \$500,000.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 6 - RISK RETENTION

The Authority is exposed to various risks associated with actions and decisions of the Board. The Authority acquired commercial insurance on March 16, 2007 in the form of public officials and employment practices liability insurance.

NOTE 7 - LITIGATION AND CLAIMS

Orleans Levee District

Bohemia Spillway Litigation:

Numerous lawsuits have been filed by individuals and various statutes have been passed by the Louisiana Legislature concerning the return of certain expropriated properties in the Bohemia Spillway and the payment of royalties and rents derived from these properties to the original owners of the properties.

Act 233 of 1984, as amended by Acts 819 of 1985, 847 of 1992, 1364 of 1997, 1378 of 1999, and 130 of 2005, requires the Board of Commissioners of the Orleans Levee District, upon receipt of the names of certified claimants from the Secretary of the Louisiana Department of Natural Resources (DNR), to return the ownership of properties in the Bohemia Spillway in the parish of Plaquemines to the owners or their successors from whom the property was acquired by expropriation or by purchase under threat of expropriation.

Before the effective date of Act 1364 of 1997 and 1378 of 1999, DNR certified claimants who had an interest in 164 of 220 tracts of land in the Bohemia Spillway for the return of the property. All property claims certified by the DNR as of October 1, 2002 have been returned. All claims certified as of June 30, 2005, have been conveyed. Upon the return of the property, the District is required to return the royalties, and other similar revenues, collected since June 29, 1984, until the date of transfer.

Judgment was rendered in Haspel & Davis v. Board of Commissioners of the Orleans Levee District, Case No. 31-357, in favor of the plaintiffs awarding the sum of \$18,767,145, plus interest from the date of judicial demand until paid, for the sum of revenues paid to the District of its share of royalties under mineral leases in the Bohemia Spillway. A number of payments have been made since 2001 as reflected in previous years. On February 26, 2004, a payment in the full sum of \$600,000 was paid into the registry of the Court in the Haspel & Davis class action. The Court accepted the payment as being current on the settlement agreement amortization plan. The class members in Haspel & Davis have agreed to accept \$10,076,559 to settle the case. Additional payments of \$350,000 and \$100,000 were made on January 4, 2005, \$100,000 on March 20, 2008 and \$100,000 on March 26, 2010.

During fiscal year 2007, plaintiffs in the class action in federal court alleging a violation of their civil rights by the District's failure to return revenues attributable to their properties. On October 10, 2006 the District Court rendered a judgment in favor of plaintiffs in the amount of \$17,442,323, plus interest and attorneys fees. On July 23, 2007, the Fifth Circuit Court of Appeals issued a unanimous opinion overturning the actions of the District Court. On August 3, 2007, plaintiffs filed a petition for panel rehearing. To this date, the Fifth Circuit Court of Appeals has taken no action on that request.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 7 - LITIGATION AND CLAIMS (CONTINUED)

The plaintiffs returned to State Court in Plaquemines Parish, seeking to hold the Authority, its commissioners, the District and the Division of Administration, State of Louisiana in contempt for not fully satisfying the consent judgment. On December 16, 2008, the District judge denied the plaintiffs' motion. No appeal was sought and no further activity has occurred since.

Included in the liability for judgments and legal claims payable as of June 30, 2010 is \$1.43 million related to a judgment in favor of the Succession of Carter Ursin et al. These Bohemia plaintiffs filed new motions on October 9, 2009 and are scheduled for trial in October of 2010.

Also included in the judgments and legal claims payable as of June 30, 2010 is a \$3.8 million provision for claims of Bohemia plaintiffs who opted out of the Haspel Davis Class action lawsuit.

A number of additional suits seeking return of lands and related revenue are being adjudicated relating to alleged rights to the property under the statute. The District is working to determine if the certifications by the Louisiana Department of Natural Resources ("DNR") are in order and determine the amount of these claims.

Additional activities have been undertaken and suits filed by those who seek to claim mineral producing properties which the District owns. The District maintains these properties were never subject to the Return of Lands Act. Further proceedings have been initiated claiming errors in the certification process by DNR. It would not be feasible to quantify the potential impact of such litigation because of the uncertainty of the success of such claims and the fact that no research on the production of this land has been performed. The District is vigorously defending its ownership of these assets.

Judgments in the Bohemia Spillway matter will be paid if and when such funds become available, and when funds are appropriated.

Other Litigation:

At June 30, 2010, the District was a defendant or co-defendant in multiple lawsuits in addition to those relating to Hurricane Katrina. Numerous class action lawsuits have been filed in connection with Hurricane Katrina, which are being handled through the District's general and excess liability insurer. A motion has been granted by the district judge to settle this litigation for the amount of insurance coverage. This ruling is being appealed to the Fifth Circuit Court of Appeals by some of the plaintiffs.

In August 2010 the District reached a tentative settlement with a fixed base operator at Lakefront Airport providing that the District will grant the operator an abatement and release of past due rent and other charges assessable under its lease totaling \$473,000; an abatement of the rent on one of two hangars leased by the operator until repairs are completed; and a rent credit in the amount of \$500,000, which will be credited in the amount of \$100,000 per year over a five year term, commencing August 1, 2011.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 7 - LITIGATION AND CLAIMS (CONTINUED)

Lake Borgne Basin Levee District

The Lake Borgne Basin Levee District is a defendant in lawsuits involving personal injury and property expropriated. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate.

The Lake Borgne Basin Levee District is a defendant in lawsuits involving property damage, injuries, and fatalities resulting from flood on August 29, 2005 from Hurricane Katrina. District's legal counsel cannot estimate the outcome or range of potential loss at this time. District is vigorously defending the lawsuits.

The Lake Borgne Basin Levee District is a defendant in two lawsuits alleging property damage as a result of the District commandeering the plaintiffs' property following Hurricane Katrina. The District's legal counsel cannot predict the outcome of these lawsuits, but estimates the potential loss to be \$2 million in each case in the event of an unfavorable outcome.

East Jefferson Levee District

The East Jefferson Levee District is a defendant in lawsuits involving personal injury and property expropriated. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate.

As reflected in the Combined Statement of Net Assets, estimated liabilities relating to the above-described judgments and legal claims payable totaled \$24,982,623 at June 30, 2010. The decrease in estimated liabilities payable in the current fiscal year was \$1,108,538 and is included in the Combined Statement of Activities.

NOTE 8 - COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to the Southeast Louisiana Flood Protection Authority - East Board of Commissioners members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Authority members are paid per diem for each meeting they attend, as authorized by Louisiana Revised Statute 330.1 L.

The amounts paid to Board members during the year were as follows:

Timothy P. Doody	\$ 4,428
Stephen Estopinal	4,428
John M. Barry	2,967
George Losonsky	3,088
David P. Barnes, Jr.	3,496
Stradford A. Goins	4,224
Thomas I. Jackson	3,452
Louis E. Wittie	4,064
Ricardo Pineda	2,316
	<u>\$ 32,463</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Orleans Levee District

Substantially, all District employees become eligible for post-employment health care, dental, and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2010 for the 100 retirees totaled \$611,851. Employees hired January 1, 2010 or later, who are eligible for Medicare will not be eligible for the District's Health Insurance Plan.

Post-employment Healthcare Plan

Plan Description: The District's defined benefit health care plan, currently provided by United Health care, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

Funding Policy: Members receiving benefits contribute \$227 per month for retiree-only coverage, \$474 per month for retiree and spouse, \$434 for retiree and child, \$722 for retiree and family, or \$227 for surviving spouse.

The District's annual required contribution (the "ARC") is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years.

The current ARC rate is 19.4% of annual covered payroll. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan.

The ARC has not been funded for fiscal year 2010. The assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost: For 2010, the District's annual OPEB cost (expense) of \$1,585,732 for healthcare costs was equal to the ARC. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year were as follows:

Normal cost	\$ 350,888
30-year UAL amortization amount	1,234,844
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 1,585,732</u>

The table on the following page presents the Levee District's OPEB Obligation for the fiscal year 2010:

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Beginning net OPEB obligation, July 1, 2009	\$ 2,481,569
Annual required contribution	1,585,732
Interest on net OPEB obligation	134,791
Adjustment to ARC	<u>(212,808)</u>
OPEB Cost	\$ 3,989,284
Contributions made (retiree cost)	<u>(611,851)</u>
Change in net OPEB obligation	<u>3,377,433</u>
Ending net OPEB obligation, June 30, 2010	<u>\$ 3,377,433</u>

Funded Status and Funding Progress: The funded status of the plan, as of June 30, 2010, was as follows on the following page:

Healthcare

Actuarial accrued liability (AAL)	\$ 21,144,096
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 21,144,096
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,329,607
UAAL as a percentage of covered payroll	334%

Life Insurance

Actuarial accrued liability (AAL)	\$ 1,208,825
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,208,825
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,329,607
UAAL as a percentage of covered payroll	19%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included 4% investment rate of return (net of administrative expenses). The actuarial value of XPHP assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was thirty years.

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
07/01/2009	\$0	\$ 21,352,921	\$ 21,352,921	0%	\$ 6,329,607	337%
07/01/2008	\$0	\$ 20,366,870	\$ 20,366,870	0%	\$ 6,132,840	332%
07/01/2007	\$0	\$ 20,016,153	\$ 20,016,153	0%	\$ 5,894,670	339%

Post-employment Life Insurance Benefits

Retirees have the option to keep Optional Life/Supplemental Insurance. Supplemental Life-Retiree amount of coverage is based on either 150% (Option 1) or 250% (Option 2) of the retiree's annual salary (prior to retirement), to a maximum coverage of \$70,000. Premium is based on the amount of coverage and the retiree's age. OLD pays 50% of the premium. Retiree must have a monthly salary of \$1,000 or more to choose Option 1 or 2. Approval is determined by the insurance carrier (Guardian Life Insurance). This benefit must be selected for continuation at the time of retirement. Retiree cannot choose this option after retirement.

Under the provisions of OLD Group Life Insurance program with Guardian Life Insurance Company ("Guardian"), premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Guardian views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 50% at the age of 70.

For employees hired January 1, 2010 or later, the employee will be responsible for the premium at age 70.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Retirees cannot maintain spouse or dependent life insurance. Retirees cannot maintain Basic Life coverage of \$5,000 or accidental death and dismemberment ("AD&D") insurance.

Lake Borgne Basin Levee District

Post-employment Health Care and Life Insurance Benefits

Plan Description: Lake Borgne Basin Levee District employees may participate in the State's Other Post-employment Benefit Plan ("OPEB Plan"), an agent multiple-employer, defined benefit OPEB Plan (for FY 2010) that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report ("CAFR"). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.dca.la.gov/osrap.

Funding Policy: The contribution requirements of plan members and the Levee District are established and may be amended by LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits ("OGB") offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) Plan. Depending upon the plan selected, during fiscal year 2010, employee premiums for a single member receiving benefits range from \$34 to \$92 per month for retiree-only coverage with Medicare, to \$126 to \$170 per month for retiree-only coverage without Medicare. The fiscal year 2010 premiums for retiree and spouse range from \$69 to \$165 per month for those with Medicare, to \$408 to \$493 per month for those without Medicare.

The Plan is currently financed on a pay as you go basis, with the Levee District contributing anywhere from \$103 to \$237 per month for retiree-only coverage with Medicare or from \$809 to \$842 per month for retiree-only coverage without Medicare, during fiscal year 2010. Also, the Levee District's contributions range from \$207 to \$427 per month for retiree and spouse with Medicare of \$1,242 to \$1,293 for retiree and spouse without Medicare. OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent

Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by the Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Effective with the Fiscal Year beginning July 1, 2007, the District prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45).

The Annual OPEB Cost: The Levee District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2009 is \$459,700 as set forth below.

Normal cost	\$ 242,300
30-year UAL amortization amount	217,400
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 459,700</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2010:

Beginning net OPEB obligation, July 1, 2009	\$ 1,366,269
Annual required contribution	459,700
Interest on net OPEB obligation	-
OPEB Cost	1,825,969
Contributions made (retiree cost)	<u>(60,438)</u>
Change in net OPEB obligation	<u>1,765,531</u>
Ending net OPEB obligation, June 30, 2010	<u>\$ 1,765,531</u>

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	\$5,269,900
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$5,269,900
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$1,363,755
UAAL as a percentage of covered payroll	386%

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The State's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2010 was twenty nine years.

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
06/30/2009	\$0	\$ 5,269,900	\$ 5,269,900	0%	\$1,363,755	386%
06/30/2008	0	7,292,600	7,292,600	0%	914,600	797%
06/30/2007	0	7,609,900	7,609,900	0%	1,125,170	676%

East Jefferson Levee District

Substantially all of the District's employees are eligible for postemployment health care and life insurance. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2010 for the 21 retirees totaled \$40,011.

Post-employment Health Insurance Benefits

Plan Description: The District's defined benefit healthcare plan, currently provided by Humana, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Southeast Louisiana Flood Protection Authority – East (SELFPA-E) board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Funding Policy: Members receiving benefits contribute \$246.24 per month for retiree-only coverage, \$541.72 per month for retiree and spouse, \$517.09 for retiree and child, or \$738.70 for retiree and family coverage.

The District's annual required contribution ("ARC"), is an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan. The ARC has not been funded for fiscal 2010. The assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost: For 2010, the District's annual OPEB cost (expense) of \$184,209 for healthcare costs was equal to the ARC. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year were as follows on the following page:

Normal cost	\$ 94,004
30-year UAL amortization amount	90,205
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 184,209</u>

The following table presents the Levee District's OPEB Obligation for the fiscal year 2010:

Beginning net OPEB obligation, July 1, 2009	\$ 420,044
Annual required contribution	184,209
Interest on net OPEB obligation	16,800
Adjustment to ARC	<u>(24,289)</u>
OPEB Cost	596,764
Contributions made (retiree cost)	<u>(40,011)</u>
Change in net OPEB obligation	<u>556,753</u>
Ending net OPEB obligation, June 30, 2010	<u>\$ 556,753</u>

Funded Status and Funding Progress: The funded status of the plan, as of June 30, 2010, was as follows:

Healthcare and Life Insurance

Actuarial accrued liability (AAL)	\$ 1,559,832
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,559,832
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,311,196
UAAL as a percentage of covered payroll	68%

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 9 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
06/30/2009	\$0	\$ 1,559,832	\$ 1,559,832	0%
06/30/2008	\$0	\$ 4,021,166	\$ 4,021,166	0%
06/30/2007	\$0	\$ 2,010,583	\$ 2,010,583	0%

Post-Employment Life Insurance Benefits

Members become eligible for life insurance benefits upon retirement where the retiree has met 10 years of service and 62 years of age, or 25 years of service at any age. Members are responsible for ½ of insurance premium equal to the premium at time of retirement. Under the provisions of East Jefferson Group Life Insurance program with American United Life, premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Humana views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 35% at the age of 70.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events for into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 10 – AD VALOREM TAXES

In accordance with legislation approved in the past 2 years, the Algiers Levee District was formed out of that portion of the land area historically a part of the Orleans Levee District, but geographically on the West Bank of the Mississippi River. Concurrent with that transfer of responsibility, the legislation provided that taxes collected from the residents of that area would be collected by the Orleans Levee District, and, after deduction of a pro rata share of the Orleans' District's debt service, the remainder of the taxes would be remitted to the Algiers District.

All taxes collected from the Algiers Levee District are included in Ad Valorem Tax Revenue on the Statement of Activities and on the Statement of Changes in Net Assets. The following table indicates the total amount of taxes collected, the amount sent to Algiers Levee District, and the amount retained for the payment of Debt Service. (See Note 13 – Other Transfers)

At such time as the debt is retired, all of the Algiers taxes will be remitted to that District.

	<u>2010</u>	<u>2009</u>
Total taxes collected, Algiers Levee District	\$2,406,074	\$2,166,153
Amount remitted to Algiers Levee District	2,511,064	1,433,620
Amount retained by the Orleans District	-	732,533

NOTE 11 – CONSTRUCTION COMMITMENTS

The SLFPA-E has commitments to construction contracts and other projects relating to special levee improvements, major maintenance, pump stations, as well as infrastructure due to damages caused by Hurricane Katrina. Construction commitments related to business-type activities, including the Lake Vista Community Center, Lake Shore Drive, New Orleans Lakefront Airport, South Shore Harbor, and Orleans Marina, in the aggregate, amount to \$709,543 as of June 30, 2010. Construction commitments related to damages caused by Hurricane Katrina amount to \$3,785,267 as of June 30, 2010. All other construction commitments relating to levee improvement, maintenance, pump stations and other repairs and projects amount to \$3,286,740 as of June 30, 2010.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 12 – DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT

List by fund type the amounts due from other funds detailed by individual fund at fiscal year-end: (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

Flood Control General Fund Due To's and From's Non Flood Division

Due from Real Estate Amin Fund	\$ 7,165,797
Due from South Shore Harbor	3,754,284
Due from LVCC	1,527
Due from Orleans Marina	9,139
Due from Lakefront Airport	47,691
Due to Non flood Gen'l Improve Fund	(303,227)
Due to Orleans Marina	(786,467)
Due to Lakefront Airport	(2,912,670)

Net Flood Control Due From (to) Real Estate Division	6,976,074
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Real Estate (Non-Flood Division)

Administrative Fund

Due from General Improvement Fund	3,999,845
Due from Airport	5,132,925
Subtotal Due from	9,132,770

Due to Lake Vista Community Center	(57,232)
Due to Orleans Marina	(1,232,970)
Due to South Shore Harbor	(6,112,838)
Due to New Basin Canal	(2,370,796)
Subtotal Due to	(9,773,836)

Lake Vista Community Center Due from Admin	57,232
Orleans Marina Due from Admin	1,232,970
South Shore Harbor Due from Admin	6,112,838
New Basin Canal Due from Admin	2,369,865
Subtotal Due from	9,773,836

General Improvement Fund Due to Admin	(3,999,845)
Airport Due to Admin	(5,132,925)
Subtotal Due from	(9,132,770)

Net Due to/from, Non-Flood Funds within divisions	\$ -
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SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 12 – DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

Real Estate non Flood Division's due (to's) from's the Flood Control Division

Admin fund Due to Flood Division General Fund	\$ (7,165,797)
Airport fund Due from Flood Control Fund	2,912,670
Orleans Marina Due from Flood Division	786,467
South Shore Harbor Due to Flood Division	(3,754,284)
LVCC Due to Flood Division	(1,527)
General Improvement Fund Due from Flood Control	303,227
Airport fund due to Flood Control Fund	(47,691)
Orleans Marina Due to Flood Division	(9,139)

Net amount due to Flood Control

\$ (6,976,074)

Although the Real Estate Administrative fund and the General Improvement Fund are shown among the governmental funds because they have public safety, recreation and roadway responsibilities, State Law dictates that they be managed apart from the Flood Divisions. This report follows in most respects the dictates of GASB 34 in separating governmental and business-type activities, but in certain cases such as this, the flood control and real estate functions are shown.

OPERATING TRANSFERS AMONG THE FUNDS OF THE DISTRICT

Debt Service Fund from the Special Levee Improvement Projects Fund	\$ 24,865,646	\$ -
Debt Service Fund from the General Fund	16,578,948	-
Real Estate Fund from the General Fund	1,375,425	-
	<u>42,820,019</u>	<u>-</u>
From Special Levee Improvement Projects Fund to the Debt Service Fund	\$ -	\$ 24,865,646
From the General Fund to the Debt Service Fund	-	16,578,948
From the General Fund to the Real Estate Fund	-	1,375,425
	<u>-</u>	<u>42,820,019</u>
Total	<u>\$ 42,820,019</u>	<u>\$ 42,820,019</u>

OTHER TRANSFERS

Legislation creating the Algiers Levee District provided that taxes collected from the geographic area associated with the new district be received on their behalf by the Orleans Levee District. The law further provided that a pro-rata share of the Orleans Levee District's debt service be deducted from the amount collected, and the remainder be transmitted to the new district. Since the new Algiers Levee District did not come into being until July 13, 2007, and ad valorem taxes are collected on a calendar year basis, implementation of the law resulted in the Orleans Levee District making certain payments to the Algiers Levee District beginning in fiscal year 2008.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 13 – LESSOR OPERATING LEASES

The Orleans Levee District leases boat slips, boathouses, and building space to certain parties under operating leases. At June 30, 2010, the total cost of the land, buildings and improvements leased to others is \$148 million with \$68.5 million net of related accumulated depreciation. Future minimum rental payments to be received under these operating leases are as follows:

Fiscal year ending June 30:		
2011	\$	3,684,499
2012		3,713,968
2013		2,405,545
2014		2,430,591
2015		2,430,591
2016-2020		12,152,957
2021-2025		12,152,957
2026-2030		12,152,957
Remainder of term		11,600,641
Total	\$	<u>62,724,706</u>

Current year rents amount to \$3.2 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect.

NOTE 14 – SUBSEQUENT EVENTS

Community Disaster Loan Forgiveness

In accordance with C.F.R 44 206.366, the Orleans Levee District has completed in August 2010 most of the steps required in the application process set forth by law and the Federal Emergency Management Agency, to request cancellation of all or part of the Special Community Disaster Loans totaling \$9,560,820 granted the District in 2006 following Hurricane Katrina. The amount ultimately to be forgiven is at present uncertain. The District is considering the need to request an extension of time to repay the portion of the loan that is not forgiven.

Act 1014 of the 2010 Louisiana Legislature

Act 1014 dated August 15, 2010 of the Louisiana Legislature created a Board to oversee the assets and operations of the Non-Flood Division of the Orleans Levee District. Ownership of the assets remains with the OLD.

Litigation Settlement

In August 2010 the Orleans Levee District (the "District") has reached a tentative settlement in a lawsuit filed by a fixed base operator at the Lakefront Airport. The lawsuit claimed a breach of contract and other allegations for not timely completing repairs/restoration work

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

NOTE 14 – SUBSEQUENT EVENTS (CONTINUED)

on Hangar 101. The parties in this case engaged in mediation on Wednesday, August 11, 2010. The settlement agreement provides that the District will grant the fixed base operator an abatement and release of past due rent and other charges assessable under its lease with the District, totaling \$473,000; an abatement of the rent on one of the two hangars leased by the fixed base operator until the hangar repairs are completed by the District; and a rent credit in the amount of \$500,000, which will be credited in the amount of \$100,000 per year over a five year term, commencing August 1, 2011. The settlement agreement was approved by the authorized representative of the Commissioner of the Division of Administration and is subject to the approval of the Federal Aviation Administration.

Annual Fiscal Report to the Office of the Governor,
Division of Administration, Office of Statewide
Reporting and Accounting Policy,
as of and for the Year Ended
June 30, 2010

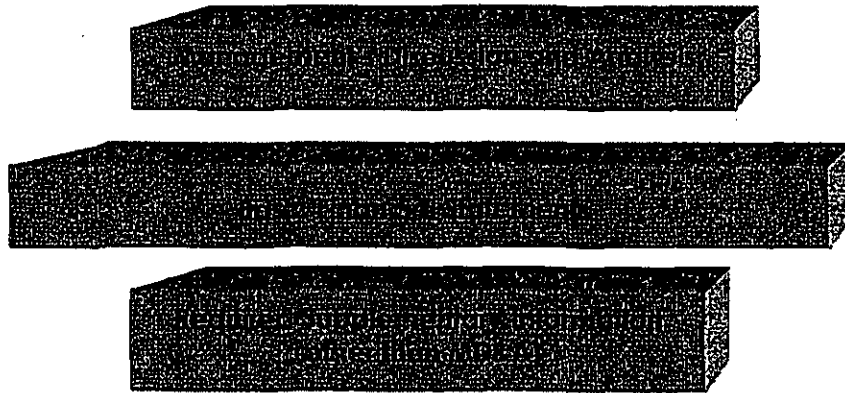
STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of June 30, 2010

The Management's Discussion and Analysis of the Southeast Louisiana Flood Protection Authority – East (the "Authority") presents a narrative overview and analysis of the Authority's financial results for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts relating to the four (4) organizations that currently comprise the whole of the Authority:

The administrative arm of the Authority ("SLFPA-E"), the East Jefferson Levee District, the Lake Borgne Basin Levee District and the Orleans Levee District.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the combined operations of the Authority and the three levee districts which it governs, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Activities and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010

The Statement of Cash Flows presents information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided by or used in operating activities (indirect method) as required by GASB 34.

Financial Highlights

Net Assets

The following table describes the net assets of the Authority at the end of the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		Authority	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 92,048	\$ 124,932	\$ 9,423	\$ 9,279	\$ 101,471	\$ 134,211
Capital assets (as restated)	140,088	141,164	79,939	72,635	220,027	213,799
Total assets	<u>232,136</u>	<u>266,096</u>	<u>89,362</u>	<u>81,914</u>	<u>321,498</u>	<u>348,799</u>
Other liabilities	8,759	14,726	577	1,626	9,336	16,352
Long-term debt outstanding	67,456	109,788	1,155	-	68,611	109,788
Total liabilities	<u>76,215</u>	<u>124,514</u>	<u>1,732</u>	<u>1,626</u>	<u>77,947</u>	<u>126,140</u>
Net assets:						
Invested in capital assets, net of debt	136,343	92,500	79,939	72,635	216,282	165,135
Restricted	2,882	5,209	-	-	2,882	5,209
Unrestricted	16,813	43,873	7,604	7,653	24,417	51,526
Total net assets	<u>\$ 155,038</u>	<u>\$ 141,582</u>	<u>\$ 87,543</u>	<u>\$ 80,288</u>	<u>\$ 243,581</u>	<u>\$ 221,870</u>

- Combined net assets of the Authority exceeded its combined liabilities at the close of fiscal year 2010 by \$244 million, compared with combined net assets a year earlier of \$222 million, a 9.9% and \$21.7 million increase.
- Of the \$21.7 million increase in net assets, significant contributors included a nearly \$5 million increase in property taxes collected, \$1.7 million in savings from lower debt service caused by early retirement of bonds, \$15.5 million in grant income much of which was spent on capital repairs and not recorded as current expense, and a decrease of 5% in operating expenses.
- Of this total increase in net assets, \$14.4 million was derived from the governmental operations of the East Jefferson, Lake Borgne and Orleans Levee Districts, and from Authority. The business-type operations of the Orleans Levee District contributed \$7.4 million in net asset increases.
- Of the \$14.4 million change in net assets contributed by the Governmental Funds, \$13 was generated by the Special Levee Improvement Fund of the Orleans Levee District.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010

Changes in Net Assets

The following table describes the changes in net assets of the Authority during the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		Authority	
	2010	2009	2010	2009	2010	2009
Operating revenues	\$ 1,929	\$ 1,844	\$ 4,063	\$ 3,476	\$ 5,992	\$ 5,320
Operating expenses	(33,182)	(47,819)	(6,410)	(5,979)	(39,592)	(53,798)
Operating loss	(31,253)	(45,975)	(2,347)	(2,503)	(33,600)	(48,478)
Non-operating revenues (expenses)	41,326	33,426	(47)	8,333	41,279	41,759
Federal grants	6,894	19,522	8,852	11,263	15,746	30,785
Insurance	-	6,728	797	121	797	6,849
Transfers out, Algiers	(2,511)	(1,434)	-	-	(2,511)	(1,434)
Increase in net assets	\$ 14,456	\$ 12,267	\$ 7,255	\$ 17,214	\$ 21,711	\$ 29,481

- Charges to customers for rents and mineral production increased marginally. Interest earnings, following the market decline, fell \$1 million and 82%. Ad valorem tax revenue (excluding collections by the Orleans district on behalf of Algiers), increased by \$4.2 million and 12% on the full accrual basis, and reflected an increase in taxes supporting the Special Levee Improvement fund of the Orleans district of 21% and \$2.2 million. Ad valorem tax revenues for the East Jefferson and Lake Borgne Basin Levee Districts increased marginally.
- The decline in federal grants is largely due to a pass through grant from NASA received by the Orleans Levee District in the prior year in amount of \$12 million. This decline is also due to completion of repairs to infrastructure and buildings due to damages caused by Hurricane Katrina.
- The decline in operating and non operating expenses is largely due to the decline in major maintenance and capital outlay, including \$12 million recorded as Capital spending equivalent to the \$12 million NASA grant received in fiscal 2009.

Capital Assets

The following table lists the capital assets of the Authority (net of depreciation) at the end of the current and prior fiscal years:

(In Thousands)	Governmental		Business-Type		Authority	
	2010	2009	2010	2009	2010	2009
Land	\$ 14,048	\$ 14,048	\$ 22,055	\$ 22,055	\$ 36,103	\$ 36,103
Buildings and Improvements	7,414	10,225	38,690	32,108	46,104	42,333
Moveable property	3,479	107	152	289	3,631	396
Infrastructure	108,256	110,693	186	206	108,442	110,899
Construction in progress	6,891	6,092	18,857	17,977	25,748	24,069
Total	\$ 140,088	\$ 141,165	\$ 79,940	\$ 72,635	\$ 220,028	\$ 213,800

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010

- Net investment in capital assets increased \$6.2 million in fiscal 2010, the result of continued rebuilding of assets, primarily in the Real Estate Division of the Orleans Levee District. Net investment for that division was \$7.2 million for the year. Funds were expended at the Orleans Marina to complete the rebuilding of the Harbor Master Building, at South Shore Harbor to replace piers and catwalks; and at the Airport, major repairs continued for hangars as well as the refurbishing of the NOLA Administration building.
- Since Hurricane Katrina, vast re-construction and improvements to the flood protection system has occurred, but at federal expense, which is not capitalized on the records of the Districts.
- Assets written off in fiscal year 2010 totaled \$433,658 with accumulated depreciation of \$354,808 for a net effect of \$78,850. The majority of the assets written off were \$174,513 for a 1995 AVL police vehicle tracking system that was never implemented and \$155,819 in portable radios. The radios were deemed unusable after Hurricane Katrina, and the District complied with the new communication guidelines and purchased a new radio communication system that will permit more effective communications with other government agencies during a catastrophic emergency.

Long Term Debt

The following table lists long-term obligations, including the amount of bonds due within one year:

(In Thousands)	Governmental		Business-Type		SLFPA-E	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bonds	\$ 3,745	\$ 48,353	\$ -	\$ -	\$ 3,745	\$ 48,353
Notes Payable FEMA	10,636	10,350	-	-	10,636	10,350
Notes Payable Louisiana	26,126	26,126	-	-	26,126	26,126
Judgments and Legal Claims Payable	24,983	26,091	-	-	24,983	26,091
Other Post Employment Benefits	5,191	3,897	508	371	5,699	4,268
Compensated Absences	813	1,076	119	102	932	1,178
Total	<u>\$71,494</u>	<u>\$115,893</u>	<u>\$ 627</u>	<u>\$ 473</u>	<u>\$ 72,121</u>	<u>\$116,366</u>

- At the end of the current fiscal year, long-term obligations amounted to \$75 million, compared with \$116 million in the prior year. Along with bonds and notes payable, these obligations included judgments payable, contingent liabilities, post retirement benefit liability and compensated absences liability. The decrease in long term obligations reflects the early retirement of \$38.6 million in mortgage bonds, plus another \$4 million in scheduled principal payments.
- Post retirement obligations represent a current recognition of future benefit obligations that the Districts are responsible for.
- The Orleans Levee District has applied for forgiveness of all or part of the Notes Payable due to FEMA. The process is incomplete and the amount of forgiveness, if any, is therefore uncertain.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
As of June 30, 2010

Variances in Budgets and in Actual Results

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,389,000 while the amended budget had revenues of \$6,389,000, with the majority of the variance due to the increase in intergovernmental revenues. Actual results yielded an increase of \$528,893 to \$6,917,893, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,175,664. The amended budget provided for \$15,445,664 due to higher mineral revenues expected while greatly reducing investment income. Actual results yielded an increase to \$16,328,149, mainly due to the receipt of additional oil and gas revenues. The East Jefferson Levee District's original budget called for a total of \$7,623,000 while the amended budget had revenues of \$8,615,500 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$783,801 to \$9,399,301.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,979,450 while the amended budget had expenditures of \$7,979,450, with the majority of the variance due to major repairs. Actual results yielded results comparable to the amended budget. The East Jefferson Levee District's original budget called for a total of \$7,740,534 while the amended budget had expenditures of \$10,082,662, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Orleans Levee District's original budget called for a total of \$15,459,468 while the amended budget was increased to \$32,061,002 to reflect early retirement of bonds. Actual results yielded \$27,768,951, with the majority of the variance due to debt service payments. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was amended on February 18, 2010 with revisions to recognize the debt retirement and updated estimates for mineral revenue and interest revenue.

Economic Factors and Next Year's Budgets and Rates

The Authority's elected and appointed officials considered the following factors and indicators when establishing next year's budget, rates, and fees:

- Continued depressed economy
- Increased maintenance of completed USACE projects
- Changes in organizational processes
- The additional responsibilities vested in the Authority and the individual Districts.
- Necessary major maintenance and project expenditures

Contacting the Authority's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Southeast Louisiana Flood Protection Authority – East's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact SLFPA-E at 6508 Spanish Fort Blvd, New Orleans, Louisiana 70124.

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF NET ASSETS
As of June 30, 2010**

ASSETS

Current Assets

Cash and cash equivalents	\$ 84,698,757
Investments	7,760,754
Receivables	1,364,059
Due from other governments	5,546,478
Inventory	406,422
Other assets	766,032
Restricted assets	841,121
Total current assets	101,383,623

Noncurrent assets:

Capital assets (net of depreciation)	
Land	36,103,167
Buildings	12,159,569
Improvements other than buildings	33,944,309
Moveable property	3,630,263
Infrastructure	108,441,885
Construction in progress	25,748,399
Total noncurrent assets	220,027,592
TOTAL ASSETS	\$ 321,411,215

LIABILITIES

Current liabilities:

Payables	\$ 1,935,417
Contracts payable	893,169
Deferred revenues	35,775
Accrued compensated absences	106,511
Due to other agencies	2,223,609
Other liabilities	37,595
Bonds payable	625,000
Short term notes payable	3,346,000
Accrued bond interest payable	15,854
Total current liabilities	9,218,930

Noncurrent liabilities:

Deferred revenues	567,146
Accrued compensated absences	825,473
Bonds payable	3,120,000
Notes payable	33,415,964
Judgments payable	24,982,623
Post employment benefits payable	5,699,617
Total noncurrent liabilities	68,610,853
TOTAL LIABILITIES	77,829,853

Net Assets invested in capital assets, net of related debt	216,282,592
Restricted for:	
Capital outlay	508,835
Debt service	312,500
Other reservations	2,235,162
Unrestricted	24,242,272
TOTAL NET ASSETS	243,581,361

TOTAL LIABILITIES AND NET ASSETS	\$ 321,411,214
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The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF ACTIVITIES
For the Year Ended JUNE 30, 2010**

OPERATING REVENUES	
Charges for services	\$ 5,991,111
Miscellaneous	2,620,079
Total operating revenues	<u>8,611,190</u>
OPERATING EXPENSES	
Cost of services	31,503,457
Depreciation	8,087,942
Total operating expenses	<u>39,591,399</u>
Operating income (loss)	<u>(30,980,209)</u>
NON-OPERATING REVENUES (EXPENSES)	
Taxes	39,076,415
Intergovernmental revenues	1,776,870
Investment earnings	260,831
Operating grants	99,579
Bond issuance costs	(284,243)
Other	86,731
Total non-operating revenues (expenses)	<u>41,016,183</u>
Income (loss) before contributions and transfers	10,035,974
Capital contributions from federal grants	15,745,737
Interest expense	(1,421,521)
Insurance proceeds	797
Litigation payments (receipts) net	(138,500)
Transfers out, Algiers	(2,511,064)
Total capital contributions	<u>11,675,449</u>
CHANGE IN NET ASSETS	<u>21,711,423</u>
NET ASSETS BEGINNING OF THE YEAR	<u>221,869,938</u>
NET ASSETS AT END OF YEAR	<u>\$ 243,581,361</u>

STATE OF LOUISIANA
SOUTHEAST LOUISIAN FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF CASH FLOWS
For the Year Ended JUNE 30, 2010

Cash flows from operating activities	
Cash received from customers	\$ 8,549,321
Cash payments to supplies for goods and services	(11,907,788)
Cash payments to employees for services	(18,770,389)
	<hr/>
Net cash provided (used) by operating activities	(22,128,856)
Cash flows from capital and related financing activities	
Payments to Algiers	(2,511,064)
Proceeds from federal and state grants	18,586,304
Ad valorem tax revenue	39,076,415
Payments of interest expense	(1,421,521)
Proceeds from issuance of debt	286,350
Principal paid on bonds	(44,920,000)
Purchase of capital assets	(24,207,285)
Proceeds from sale of capital assets	9,803,100
Insurance proceeds	797
Proceeds from litigation settlement	(138,500)
Other income (expense)	86,731
	<hr/>
Net cash provided (used) by capital and related financing activities	(5,358,673)
Cash flows from investing activities	
Purchase of investment securities	(4,744,105)
Proceeds from sale of investment securities	4,651,101
Interest income	260,831
	<hr/>
Net cash provided by investing activities	167,827
Net increase in cash	(27,319,702)
Cash & equivalents, June 30, 2009	<hr/> 112,018,459
Cash & equivalents, June 30, 2010	<hr/> \$ 84,698,757

STATE OF LOUISIANA
SOUTHEAST LOUISIAN FLOOD PROTECTION AUTHORITY – EAST
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2010

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>(30,980,209)</u>
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation/amortization	7,803,700	
Provision for uncollectible accounts	-	
Other	-	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(61,869)	
(Increase)decrease in due from other funds	-	
(Increase)decrease in prepayments	-	
(Increase)decrease in inventories	48,787	
(Increase)decrease in other assets	4,749,880	
Increase(decrease) in accounts payable and accruals	(3,052,720)	
Increase(decrease) in compensated absences payable	(246,014)	
Increase(decrease) in due to other funds	-	
Increase(decrease) in deferred revenues	-	
Increase(decrease) in OPEB payable	1,431,835	
Increase(decrease) in other liabilities	(1,822,246)	
Net cash provided(used) by operating activities		\$ <u>(22,128,856)</u>

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2010

INTRODUCTION

East Jefferson Levee District

The East Jefferson Levee District was created by Louisiana State Legislature, Act 716 of 1978 effective January 1, 1979, from the territory removed from the Pontchartrain Levee District. The East Jefferson Levee District includes all or portions of the following parishes: Jefferson Parish East at Mississippi River, South of Lake Pontchartrain, bordered by St. Charles Parish. The East Jefferson Levee District primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The governing board of the Southeast Louisiana Flood Protection Authority – East (the "Board") administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes.

Lake Borgne Basin Levee District

The Lake Borgne Basin Levee District (the "District") was created by Louisiana Revised Statute (R.S.) 38:291(G), and effective January 1, 2007 is a component unit of the Southeast Louisiana Flood Protection Authority - East (SLFPAE). The Lake Borgne Basin Levee District is comprised of all the territory contained within the parish of St. Bernard. The levee district primarily provides flood protection for those areas contained in the district. The levee district is responsible for 60 miles of levees, 8 pumping stations, and 53 miles of drainage canals.

The Board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The District office is located in Violet, Louisiana, and employs 30 full-time employees. The District's operations are funded primarily through ad valorem taxes, state revenue sharing and interest earnings.

Orleans Levee District

The Orleans Levee District (the "District") was established by Act 93 of the 1890 General Assembly of the State of Louisiana. The District has primary responsibility for the operation and maintenance of levees, embankments, seawalls, jetties, breakwaters, water basins, and other hurricane and flood protection improvements surrounding the City of New Orleans, including the southern shores of Lake Pontchartrain and along the Mississippi River. The District is responsible for the maintenance of almost 111 miles of levees and floodwalls.

Act 292 of the 1928 Louisiana Legislature authorized the District to dedicate, construct, operate, and maintain public parks, beaches, marinas, aviation fields, and other like facilities. The District owns and operates a general aviation airport, the New Orleans Lakefront Airport. The District also owns and operates the Orleans Marina and the South Shore Harbor Marina. The Orleans Marina has 352 boat slips. The South Shore Harbor Marina, which was officially dedicated September 19, 1987, has a 43-acre calm water basin, 453 open boat slips, and 26 covered boat slips. The District has approximately 143 full-time employees, including 32 police officers and 8 firefighters.

Until December 31, 2006, the Districts were governed by Boards of commissioners appointed by the governor and local governing authorities. Effective January 1, 2007 Act 1 of the First Extraordinary Session of 2006 provided that flood control activities of the Districts will be governed by the Southeast Louisiana Flood Protection Authority-East, a newly constituted governing Board, in accordance with changes in state law approved by the citizenry on September 30, 2006. Significant non-flood facilities and improvements owned by the Orleans

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

INTRODUCTION (CONTINUED)

Levee District are managed and controlled by the state, through the Division of Administration ("Non-Flood Division").

Authority

The Southeast Louisiana Flood Protection Authority - East (the "Authority") was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:330.1. The Authority's primary purpose is regional coordination of flood protection of the following levee districts and parts of levee districts and parishes:

- East Jefferson Levee District ("EJLD")
- Lake Borgne Basin Levee District ("LBBLD")
- That portion of the Orleans Levee District east of the Mississippi River ("OLD")
- St. Tammany Levee District
- Tangipahoa Levee District

For the purposes of this report, the "SLFPA-E" combines the financial activity of the Orleans Levee District, the East Jefferson Levee District, and the Lake Borgne Basin Levee District.

The Board of Commissioners of the Southeast Louisiana Flood Protection Authority-East (the "Board") is composed of nine members, of whom there is at least, and not more than, one member from each parish within the territorial jurisdiction of the authority. The members shall be appointed by the governor from nominations submitted by the nominating committee:

(i) Five members shall either be an engineer or a professional in a related field such as geotechnical, hydrological, or environmental science. Of the five members, and one member shall be a civil engineer.

(ii) Two members shall be a professional in a discipline other than that occurring in (i) with at least ten years of professional experience in that discipline.

(iii) Two members who shall be at-large.

The financial statements of the SLFPA-E includes all of the organizations subject to the Authority's governance, as well as the aggregate results of the enterprise fund assets of the Orleans District, and results for the real estate division's general fund and capital improvement fund.

The Real Estate Division fund is organizationally a non-flood control fund and is the administrative fund for the "Non-Flood Division"; however, it has responsibility not only for the Enterprise funds, but also roadways, a bridge and the police force – all government type activities. Thus, the Real Estate division administrative fund is reported with the governmental funds. The General improvement fund is also managed by the real estate fund and organizationally a part of the non-flood division.

The indebtedness of the District is reported in the governmental operations.

Act 475 of the regular 2007 session of Louisiana Legislature mandated that the geographic portion of the District that exists on the west bank of the Mississippi River would become a new Algiers Levee District, and that the new district would be governed by the Southeast Louisiana Flood Protection Authority – West.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements present information only as to the transactions of the SLFPA-E as authorized by Louisiana statutes.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Authority and its districts are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY PRACTICES

The Districts prepare their budgets in accordance with R.S. 38:318. The budget for each fiscal year is adopted in the spring and amended when changed expectations require that the Authority be advised of the need to change from the original budget(s). Amendments that change total revenues or expenses only occur with the Authority's formal approval. All appropriations lapse at year-end. Budgets are prepared on a cash basis.

The original budget for SLFPA-E, OLD, LBBLD, and EJLD were adopted on March 19, 2009. The amended general fund budgets for EJLD were adopted on March 18, 2010. The amended budget for LBBLD was adopted on May 20, 2010. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying statements.

Budget Amendments

The Authority made several supplemental budgetary appropriations during the year. The most significant of the changes made are described below.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

B. BUDGETARY PRACTICES (CONTINUED)

Revenues

The Lake Borgne Basin Levee District's original budget called for a total of \$3,389,000 while the amended budget had revenues of \$6,389,000, with the majority of the variance due to the increase in intergovernmental revenues. Actual results yielded an increase of \$528,893 to \$6,917,893, mainly due to the increase in tax and governmental revenues. The Orleans Levee District's original budget called for a total of \$15,175,664. Actual results yielded an increase to \$16,328,149, mainly due to the receipt of additional oil and gas revenues. The East Jefferson Levee District's original budget called for a total of \$7,623,000 while the amended budget had revenues of \$8,615,500 with the majority of the variance due to the increase in tax revenues, intergovernmental revenues, and insurance proceeds. Actual results yielded an increase of \$783,801 to \$9,399,301.

Expenditures

The Lake Borgne Basin Levee District's original budget called for a total of \$4,979,450 while the amended budget had expenditures of \$7,979,450, with the majority of the variance due to major repairs. Actual results yielded results comparable to the amended budget. The East Jefferson Levee District's original budget called for a total of \$7,740,534 while the amended budget had expenditures of \$10,082,662, with the majority of the variance due to major maintenance and other charges. Actual results yielded amounts comparable to the original budget, with the majority of the variance due to personnel expenses. The Orleans Levee District's original budget called for a total of \$15,459,468 while actual results yielded \$27,768,951, with the majority of the variance due to debt service payments. Combined variances in the final budget amounts and actual results are shown in the combined statement of revenues, expenditures, and changes in fund balance – budget and actual, located on page 15 of the report.

The budget of the General Fund of the Orleans Levee District was amended on February 18, 2010.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash includes petty cash and demand deposits. Cash equivalents may include amounts in time deposits, money market mutual funds, commercial paper, and United States Treasury bills. Under state law, the Districts may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the District may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Aggregate cash and cash equivalents by entity were as follows:

Authority	\$ 328,966
Orleans Levee District	59,389,768
East Jefferson Levee District	19,034,161
Lake Borgne Basin Levee District	<u>5,945,862</u>
Total	<u>\$ 84,698,757</u>

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

Amounts deposited in banks

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Money Market</u>	<u>Total</u>
Balance per agency books	\$ 25,373,838	\$ 5,461,471	\$ 2,299,283	\$33,134,592
Deposits in bank accounts per bank	\$ 26,326,720	\$ 5,461,471	\$ 2,299,283	\$34,087,474
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ -	\$ -	\$ -	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution	\$ -	\$ -	\$ -	\$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name.	\$ 89,520	\$ -	\$ -	\$ 89,520

Note: The total bank balances will not necessarily equal the deposits in bank account per the Statement of Net Assets (Schedule A). Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits are secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance at all times equals the amount on deposit with the fiscal agent. Because the securities are held by the pledging fiscal agent in the District's name, the District does not have any custodial credit risk.

2. INVESTMENTS

Orleans Levee District

At June 30, 2010, the Orleans District had invested \$59,324,689 with the Louisiana Asset Management Pool ("LAMP") an investment pool composed of assets of local government entities and investing only in securities authorized by LA-RS 33:2955.

In accordance with GASB Codification Section 150.165 the investment in LAMP is not categorized in the three risk categories provided by the GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc; a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

2. INVESTMENTS (CONTINUED)

than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on weekly basis to monitor any variances between amortized cost and market value. For purpose of determining participants' shares, investments are valued at amortized cost. GASB Statement No. 31 requires that investments that fall within the definitions of said statement be recorded at fair value. However, Statement No. 31 also states that investments in an external investment pool can be reported at amortized cost if the external investment pool operates in a manner consistent with the Security Exchange Commission's (SEC's) Rule 2a7. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2a7.

East Jefferson Levee District

The East Jefferson Levee District does maintain investment accounts as authorized by LRS 33-2955. Investments can be exposed to custodial credit risk if the securities underlying the investment uninsured, not registered in the name of the entity, and are either held by the counter party or counter party's trust department or agent but not in the entity's name. Using the following table, list each type of investment disclosing the total carrying amount exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. The investments reported below are exposed to custodial credit risk and are categorized as uninsured and collateralized with securities held by the pledging institution's trust department but not in the Board's names. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial risk.

As of June 30, 2010 the East Jefferson Levee District had \$7,760,754 in certificates of deposit and money market accounts.

D. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure, such as bridges, seawalls, roads, and levees, are reported in the financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The SLFPA-E, and its' affiliated districts, range between \$1,000 and \$5,000 for the capitalization of assets.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Land improvements	20
Buildings and building improvements	40
Furniture and fixtures	7-10
Vehicles	7
Equipment	3-20
Infrastructure	40

In accordance with accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board Statement No. 34, governments are required to identify infrastructure assets, including flood control systems. The SLFPA-E has recorded their costs of construction for those projects identified in its bond documents and will continue to recognize its portion of the cost of infrastructure.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

D. CAPITAL ASSETS (CONTINUED)

Bridges/roadways	\$ 73,221,793
Parks/recreation	2,575,125
Buildings	<u>1,823,094</u>
Subtotal – other infrastructure assets	77,620,012
Flood protection systems	<u>89,092,968</u>
 Total – infrastructure assets	 <u>\$ 166,712,980</u>

Accumulated depreciation on infrastructure assets amounted to \$58,271,094 at year end

Changes in capital assets For Fiscal 2010 are shown on the following schedule.

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Capital Assets, not being depreciated:				
Land	\$ 36,103,167	\$ -	\$ -	\$ 36,103,167
Construction in progress	24,069,255	11,267,549	(9,588,404)	25,748,400
Total capital assets not being depreciated	<u>60,172,422</u>	<u>11,267,549</u>	<u>(9,588,404)</u>	<u>61,851,567</u>
Capital Assets, being depreciated:				
Buildings	22,135,454	1,614,800	-	23,750,254
Improvements other than buildings	95,199,695	8,287,988	(1,523)	103,486,160
Equipment	15,073,463	1,009,252	(760,598)	15,322,117
Infrastructure	164,940,830	2,027,696	(255,546)	166,712,980
Total capital assets, being depreciated	<u>297,349,442</u>	<u>12,939,736</u>	<u>(1,017,667)</u>	<u>309,271,511</u>
Less accumulated depreciation for:				
Buildings	10,950,292	640,395	-	11,590,687
Improvements other than buildings	67,550,244	2,011,607	(20,000)	69,541,851
Equipment	11,175,817	1,150,280	(634,243)	11,691,854
Infrastructure	54,045,568	4,464,956	(239,430)	58,271,094
Total accumulated depreciation	<u>143,721,921</u>	<u>8,267,239</u>	<u>(893,673)</u>	<u>151,095,486</u>
Total capital assets, being depreciated, net	153,627,521	4,672,498	(123,994)	158,176,025
Total entity	<u>\$ 213,799,943</u>	<u>\$15,940,046</u>	<u>\$ (9,712,398)</u>	<u>\$ 220,027,592</u>

Construction work in progress at year-end was \$25.7 million, compared with \$ 17.5 million a year ago, primarily related to roadways and enterprise fund / commercial assets. Flood protection systems are being built at federal expense.

Assets written off in fiscal year 2010 totaled \$433,658 with accumulated depreciation of \$354,808 for a net effect of \$78,850. The majority of the assets written off were \$174,513 for a 1995 AVL police vehicle tracking system that was never implemented and \$155,819 in portable radios. The radios were deemed unusable after Hurricane Katrina, and the Orleans Levee District complied with the new communication guidelines and purchased a new radio communication system that will permit more effective communications with other government agencies during a catastrophic emergency.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

E. INVENTORIES

Two of the districts maintain a perpetual inventory system for general government materials and supplies. The general government inventory is recorded as an expense at the time the individual items are withdrawn from stock. The general government inventory is valued at average cost. The year-end balance consists of flood protection items that could be needed at any time.

F. RESTRICTED ASSETS

Restricted assets at June 30, 2010, shown on Statement A, amounted to \$841,121. Restricted assets consist of \$312,500 of cash with fiscal agents, and \$528,621 in cash set aside for legal settlement payments.

G. COMPENSATED ABSENCES

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. In addition, it is the District's policy to pay any accumulated compensatory leave at the employee's hourly rate of pay at the time of termination.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense when leave is earned. The financial statements present the cost of accumulated annual and compensatory leave as a liability. There is no liability for unpaid accumulated sick leave since the Districts do not have a policy to pay this amount when employees separate from service. The combined value of accrued annual leave and compensatory leave at the end of fiscal 2010 was \$931,984.

H. RETIREMENT SYSTEM

Substantially all employees of the Authority and the affiliated Levee Districts are members of the Louisiana State Employees Retirement System (System), a cost sharing, multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, Regular Members of LASERS hired on or before June 30, 2006 are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Also, Regular Members hired before July 1, 1986 are entitled to an additional \$300.00 per year. Regular Members hired on or after July 1, 2006, are entitled to annual benefits equal to 2.5% of their highest successive 60 months average salary multiplied by their years of credited service.

Regular Members hired on or before June 30, 2006, may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, or (c) age sixty with ten years of service. In addition, those members have the option of reduced benefits at any age with twenty years of service. Regular Members hired on or after July 1, 2006 may retire at age 60 with ten years of service. The System also provides a death and disability benefit. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

H. RETIREMENT SYSTEM (CONTINUED)

be obtained by writing to the Louisiana State Employees' Retirement System; P.O. Box 44213; Baton Rouge, LA 70804 or by calling (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, if they were hired prior to July 1, 2006 and 8% after July 1, 2006. The contribution rate for the fiscal years ending June 30, 2010 was 18.6%. The contribution rates for fiscal years ended June 30, 2009 and 2008 were 18.5% and 20.4% respectively. The aggregate contribution to the System for the years ending June 30, 2010, 2009, and 2008 were \$1,492,051, \$1,861,449, and \$1,511,743, respectively, equal to the required contributions or each year.

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Orleans Levee District

Substantially, all District employees become eligible for postemployment health care, dental, and life insurance benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2010 for the 100 retirees totaled \$611,851. Employees hired January 1, 2010 or later, who are eligible for Medicare will not be eligible for the District's Health Insurance Plan.

Post-employment Healthcare Plan

Plan Description. The District's defined benefit healthcare plan, currently provided by United Health care, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Southeast Louisiana Flood Protection Authority (SLFPAA) board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

Funding Policy: Members receiving benefits contribute \$227 per month for retiree-only coverage, \$474 per month for retiree and spouse, \$434 for retiree and child, \$722 for retiree and family, or \$227 for surviving spouse.

The District's annual required contribution (the "ARC"), is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The current ARC rate is 19.4 percent of annual covered payroll. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan. The ARC has not been funded for fiscal 2010. Because the District did not fund its ARC in 2010, the assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost. For 2010, the District's annual OPEB cost (expense) of \$1,585,732 for healthcare costs was equal to the ARC. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Normal cost	\$ 350,888
30-year UAL amortization amount	1,234,844
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 1,585,732</u>

The table on the following page presents the Levee District's OPEB Obligation for the fiscal year 2010:

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Beginning net OPEB obligation, July 1, 2009	\$ 2,481,569
Annual required contribution	1,585,732
Interest on net OPEB obligation	134,791
Adjustment to ARC	<u>(212,808)</u>
OPEB Cost	\$ 3,989,284
Contributions made (retiree cost)	<u>(611,851)</u>
Change in net OPEB obligation	<u>3,377,433</u>
Ending net OPEB obligation, June 30, 2010	<u>\$ 3,377,433</u>

Funded Status and Funding Progress. The funded status of the plan, as of June 30, 2010, was as follows:

Healthcare

Actuarial accrued liability (AAL)	\$ 21,144,096
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 21,144,096
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,329,607
UAAL as a percentage of covered payroll	334%

Life Insurance

Actuarial accrued liability (AAL)	\$ 1,208,825
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,208,825
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,329,607
UAAL as a percentage of covered payroll	19%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010**

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

In the June 30, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included 4% percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates include a 4.5 percent inflation assumption. The actuarial value of XPHP assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was thirty years.

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
07/01/2009	\$0	\$ 21,352,921	\$ 21,352,921	0%	\$ 6,329,607	337%
07/01/2008	\$0	\$ 20,366,870	\$ 20,366,870	0%	\$ 6,132,840	332%
07/01/2007	\$0	\$ 20,016,153	\$ 20,016,153	0%	\$ 5,894,670	339%

Post-employment Life Insurance Benefits

Retirees have the option to keep Optional Life/Supplemental Insurance. Supplemental Life-Retiree amount of coverage is based on either 150% (Option 1) or 250% (Option 2) of the retiree's annual salary (prior to retirement), to a maximum coverage of \$70,000. Premium is based on the amount of coverage and the retiree's age. OLD pays 50% of the premium. Retiree must have a monthly salary of \$1,000 or more to choose OPT. 1 or 2. Approval is determined by the insurance carrier (Guardian Life Insurance). This benefit must be selected for continuation at the time of retirement. Retiree cannot choose this option after retirement.

Under the provisions of OLD Group Life Insurance program with Guardian Life Insurance Company, premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Guardian views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 50% at the age of 70.

For employees hired January 1, 2010 or later, the employee will be responsible for the premium at age 70.

Retirees cannot maintain spouse or dependent life insurance. Retirees cannot maintain Basic Life coverage of \$5,000 or accidental death and dismemberment (AD&D) insurance.

Lake Borgne Basin Levee District

Post-employment Health Care and Life Insurance Benefits

Plan Description: Lake Borgne Basin Levee District employees may participate in the State's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

I POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

OPEB Plan (for FY 2008) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy: The contribution requirements of plan members and the Levee District are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) Plan. Retired employees who have Medicare Part A and Part B and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during fiscal year 2009, employee premiums for a single member receiving benefits range from \$34 to \$92 per month for retiree-only coverage with Medicare or from \$126 to \$170 per month for retiree-only coverage without Medicare. The fiscal year 2009 premiums for a retiree and spouse range from \$69 to \$165 per month for those with Medicare or from \$408 to \$493 per month for those without Medicare.

The Plan is currently financed on a pay as you go basis, with the Levee District contributing anywhere from \$103 to \$237 per month for retiree-only coverage with Medicare or from \$809 to \$842 per month for retiree-only coverage without Medicare during fiscal year 2009. Also, the Levee District's contributions range from \$207 to \$427 per month for retiree and spouse with Medicare or from \$1,242 to \$1,293 for retiree and spouse without Medicare.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by the Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

Effective with the Fiscal Year beginning July 1, 2007, the District prospectively implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45).

Annual OPEB Cost: The Levee District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2009 is \$459,700 as set forth below.

Normal cost	\$ 242,300
30-year UAL amortization amount	217,400
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 459,700</u>

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

The following table presents the Levee District's OPEB Obligation for the fiscal year 2010:

Beginning net OPEB obligation, July 1, 2009	\$ 1,366,269
Annual required contribution	459,700
Interest on net OPEB obligation	<u>-</u>
OPEB Cost	1,825,969
Contributions made (retiree cost)	<u>(60,438)</u>
Change in net OPEB obligation	<u>1,765,531</u>
Ending net OPEB obligation, June 30, 2010	<u>\$ 1,765,531</u>

Funding Status and Funding Progress: As of June 30, 2008, the Levee District did not have an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded at all, has no assets, and hence has funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$5,269,900 was unfunded.

The funded status of the plan as of July 1, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 5,269,900
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (VAAL)	\$ 5,269,900
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 1,363,755
UAAL as a percentage of covered payroll	386%

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events for into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The State's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2009 was twenty nine years.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
06/30/2010	\$ 0	\$5,269,900	\$5,269,900	0%	\$ 1,363,755	386%
06/30/2009	0	7,292,600	7,292,600	0%	914,600	797%
06/30/2008	0	7,609,900	7,609,900	0%	1,125,170	676%

East Jefferson Levee District

Substantially all of the District's employees are eligible for post-employment health care and life insurance. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the District. Benefits paid in 2010 for the 21 retirees totaled \$40,011.

Post-employment Health Care and Life Insurance Benefits

Plan Description: The District's defined benefit healthcare plan, currently provided by Humana, provides medical benefits to active and eligible retired District employees and their beneficiaries. The Southeast Louisiana Flood Protection Authority – East (SELFPA-E) board may amend the plan as it sees fit, and can likewise define the cost to employees and retirees.

Funding Policy: Members receiving benefits contribute \$246 per month for retiree-only coverage, \$542 per month for retiree and spouse, \$517 for retiree and child, or \$739 for retiree and family coverage.

The District's annual required contribution, the employer ("ARC"), is an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The District's governing body will in the upcoming year review the costs and benefits program and determine a funding plan. The ARC has not been funded for fiscal 2009. Because the District did not fund its ARC in 2009, the assumed investment rate of return used in the valuation is 4%.

Annual OPEB Cost: The Levee District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2009 is \$184,209, as set forth on the following page.

Normal cost	\$ 94,004
30-year UAL amortization amount	90,205
Interest on the above	-
Annual required contribution (ARC)	<u>\$ 184,209</u>

The table on following page presents the Levee District's OPEB Obligation for the fiscal year 2010:

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SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

Beginning net OPEB obligation, July 1, 2009	\$ 420,044
Annual required contribution	184,209
Interest on net OPEB obligation	16,800
Adjustment to ARC	<u>(24,289)</u>
OPEB Cost	596,764
Contributions made (retiree cost)	<u>(40,011)</u>
Change in net OPEB obligation	<u>556,753</u>
Ending net OPEB obligation, June 30, 2010	<u>\$ 556,753</u>

Funded Status and Funding Progress. The funded status of the plan, as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 1,559,832
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,559,832
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 2,311,196
UAAL as a percentage of covered payroll	68%

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
06/30/2009	\$0	\$ 1,559,832	\$ 1,559,832	0%
06/30/2008	\$0	\$ 4,021,166	\$ 4,021,166	0%
06/30/2007	\$0	\$ 2,010,583	\$ 2,010,583	0%

Post-employment Life Insurance Benefits

Members become eligible for life insurance benefits upon retirement where the retiree has met 10 years of service and 62 years of age, or 25 years of service at any age. Members are responsible for ½ of insurance premium equal to the premium at time of retirement. Under the provisions of East Jefferson Group Life Insurance program with American United Life, premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Humana views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Under the provisions of East Jefferson Group Life Insurance program with Humana Life Insurance Company ("Humana"), premium rates are adjusted every five years to reflect an increase in cost as retirees move from one age group to another. Because of the increase in the older age groups, Humana views the retirees as a higher risk. To compensate for the risk factor, premiums are increased to cover the anticipated additional cost.

Life Insurance coverage is reduced by 35% at the age of 70.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010**

I. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

events for into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

J. LEASES – N/A

1. CAPITAL LEASES-N/A

2. LESSOR DIRECT FINANCING LEASES-N/A

3. LESSOR OPERATING LEASES

The Orleans Levee District leases boat slips, boathouses, and building space to certain parties under operating leases. At June 30, 2010, the total cost of the land, buildings and improvements leased to others is \$148 million with \$68.5 million net of related accumulated depreciation. Future minimum rental payments to be received under these operating leases are as follows:

Fiscal year ending June 30:	
2011	\$ 3,684,499
2012	3,713,968
2013	2,405,545
2014	2,430,591
2015	2,430,591
2016-2020	12,152,957
2021-2025	12,152,957
2026-2030	12,152,957
Remainder of term	11,600,641
Total	<u>\$ 62,724,706</u>

Current year rents amount to \$3.2 million. The amount derived from contingent rent increases was negligible. The amounts reported represent rents due on non-cancelable leases currently in effect.

K. LONG-TERM OBLIGATIONS

The schedule on the following page presents a summary of the long-term obligations and transactions for the year ended June 30, 2010:

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirement</u>	<u>June 30, 2010</u>	<u>One Year</u>
Governmental activities:					
Levee Improvement:					
Fixed Rate Refunding Bonds, Series 1986	\$ 26,690,000	\$ -	\$(26,690,000)	\$ -	\$ -
Variable Rate Refunding Bonds, Series 1996	2,980,000	-	(425,000)	2,555,000	455,000
Total Levee Improvement Bonds Payable	29,670,000	-	(27,115,000)	2,555,000	455,000
Public Improvement:					
Fixed Rate Refunding Bonds, Series 1986	17,645,000	-	(17,645,000)	-	-
Variable Rate Refunding Bonds, Series 1996	1,350,000	-	(160,000)	1,190,000	170,000
Total Public Improvement Bonds Payable	18,995,000	-	(17,805,000)	1,190,000	170,000
Less:					
Unamortized issue costs	(170,464)	-	154,990	(15,474)	-
Unamortized discounts	(124,877)	-	124,877	-	-
Unamortized loss on refunding	(16,162)	-	4,376	(11,786)	-
Net Public Improvement Bonds Payable	18,683,497	-	(17,520,757)	1,162,740	170,000
Long Term Borrowing From State of Louisiana	26,125,671	-	-	26,125,671	-
Community Disaster Loans	10,349,943	286,350	-	10,636,293	3,346,000
Total Bonds and Notes Payable	84,829,111	286,350	(44,635,757)	40,479,704	3,971,000
Compensated Absences	797,934	223,211	(207,907)	813,238	67,018
Judgments	26,091,161	42,629	(1,151,167)	24,982,623	-
Post-employment benefit liability	3,869,554	1,395,214	(100,449)	5,191,319	-
Governmental activity long-term liabilities	115,661,527	1,947,404	(46,095,280)	71,466,884	4,038,018
Business Type Activities					
Compensated Absences	102,437	50,113	(33,804)	118,746	39,493
Post-employment benefit liability	371,328	137,070	-	508,398	-
Total Long Term Obligations	\$ 116,412,922	\$ 2,134,587	\$(46,129,084)	\$ 72,094,028	\$ 4,077,511

A detailed summary of bonded debt, by issue, of all debt outstanding at June 30, 2010, including outstanding interest of \$520,566, is shown on schedule 3-C. Schedule 4-D is an amortization schedule of the outstanding debt. Under terms of financing under the Go Zone Act, the State of Louisiana has paid the debt service associated with the District's debt through May 2009. The amounts shown above as due within one year will not, therefore require cash outlays by the District.

Community Disaster Loans

The CDL Act of 2006, authorized up to \$1 billion in direct loans to local governments and organizations providing government services that were adversely affected by a disaster affecting its ability to provide essential municipal services. During the period July through September, 2006, the Orleans Levee District executed a series of promissory notes under the CDL Program with the Federal Emergency Management Agency, to obtain funds necessary to replace working capital used in the aftermath of Hurricane Katrina. The loans had to be used solely for operating expenses and could not be used for construction or debt service. Monies borrowed under these agreements were used to replace funds that paid salaries and benefits for District personnel over the 11-month period following the hurricane.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

K. LONG-TERM OBLIGATIONS (CONTINUED)

Amounts of the notes and respective interest rates are:

	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
1. 1603LA57	06/21/2011	\$ 3,346,000	3.12%
2. 1603LA57A	08/27/2011	671,734	2.93%
3. 1603LA74A	09/10/2011	230,752	2.87%
4. 1603LA74B	08/27/2011	<u>5,312,334</u>	2.93%
Total		<u>\$ 9,560,820</u>	

No repayment is required for 5 years from the date of issuance, but interest accrues from the disbursement date. Interest accrued during the fiscal year ending June 30, 2010 amounted to \$286,350, and the total amount outstanding, including interest at June 30, 2010 was \$10,636,293. Current portions due amount to \$3,346,000.

As collateral for these notes the District has provided a subordinated pledge of its revenues from its various real estate and mineral holdings located in Orleans and Plaquemines parishes, Louisiana. The pledge is on net revenue after payment of all operating expenses and debt service, and is further subordinated to any future debt instruments secured on a first lien basis.

The Orleans Levee District has applied for forgiveness of a portion or all of these loans. For further discussion please refer to the Subsequent Disclosures on page xxiv.

Loans from the State of Louisiana

On July 19, 1996 The Orleans Levee District entered into a cooperative endeavor agreement with the State of Louisiana constituting a loan agreement between the two parties wherein the State agreed to lend to the District \$26,125,671 for the sole purpose of paying the debt service on the then outstanding 1986 and 1996 Series, Special Levee and Public Improvement bonds described in the paragraphs above. The agreement provides assurance that financial disruptions brought on by Hurricanes Katrina and Rita would not cause a failure in the ability of the District to meet its obligations to bondholders.

The terms of the loan include a maturity date 20 years from the delivery of the bonds that the State may issue to fund the assistance. In the first 5-years, neither principal nor interest are payable. Thereafter the loan will bear interest at a fixed rate of 4.64% and shall be repaid in level installments over the remaining 15 years of the agreement's term. The District has the right to request one additional extension of its obligation to begin payments, not to exceed 5 years. Such an extension can be made at the sole judgment of the Office of Community Development approved in writing by the Commissioner of Administration. The funds are to be used solely for payment of debt service on the identified bonds. The loan is payable from available revenue and subordinated to the existing obligations of the borrower.

At 4.64% interest, assuming all funds are borrowed, the annual installment due for debt service beginning in 2012 is \$2,456,132 through 2026. The amount outstanding as of June 30, 2010 is \$26,125,671.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

L COMMITMENTS AND CONTINGENCIES

Orleans Levee District

Bohemia Spillway Litigation:

Numerous lawsuits have been filed by individuals and acts have been passed by the Louisiana Legislature concerning the return of certain expropriated properties in the Bohemia Spillway and the payment of royalties and rents derived from these properties to the original owners of the properties.

Act 233 of 1984, as amended by Acts 819 of 1985, 847 of 1992, 1364 of 1997, 1378 of 1999, and 130 of 2005, requires the Board of Commissioners of the Orleans Levee District, upon receipt of the names of certified claimants from the Secretary of the Louisiana Department of Natural Resources (DNR), to return the ownership of properties in the Bohemia Spillway in the parish of Plaquemines to the owners or their successors from whom the property was acquired by expropriation or by purchase under threat of expropriation.

Before the effective date of Act 1364 of 1997 and 1378 of 1999, DNR certified claimants who had an interest in 164 of 220 tracts of land in the Bohemia Spillway for the return of the property. All property claims certified by the DNR as of October 1, 2002 have been returned. All claims certified as of June 30, 2005, have been conveyed. Upon the return of the property, the District is required to return the royalties, and other similar revenues, collected since June 29, 1984, until the date of transfer.

Judgment was rendered in *Haspel & Davis v. Board of Commissioners of the Orleans Levee District*, Case No. 31-357, in favor of the plaintiffs awarding the sum of \$18,767,145, plus interest from the date of judicial demand until paid, for the sum of revenues paid to the District of its share of royalties under mineral leases in the Bohemia Spillway. A number of payments have been made since 2001 as reflected in previous years. On February 26, 2004, a payment in the full sum of \$600,000 was paid into the registry of the Court in the *Haspel & Davis* class action. The Court accepted the payment as being current on the settlement agreement amortization plan. The class members in *Haspel & Davis* have agreed to accept \$10,076,559 to settle the case. Additional payments of \$350,000 and \$100,000 were made on January 4, 2005, \$100,000 on March 20, 2008 and \$100,000 on March 26, 2010.

During fiscal year 2007, plaintiffs in the class action in federal court alleging a violation of their civil rights by the District's failure to return revenues attributable to their properties. On October 10, 2006 the District Court rendered a judgment in favor of plaintiffs in the amount of \$17,442,323, plus interest and attorneys fees. On July 23, 2007, the Fifth Circuit Court of Appeals issued a unanimous opinion overturning the actions of the District Court. On August 3, 2007, plaintiffs filed a petition for panel rehearing. To this date, the Fifth Circuit Court of Appeals has taken no action on that request.

The plaintiffs returned to State Court in Plaquemines Parish, seeking to hold the Authority, its commissioners, the District and the Division of Administration, State of Louisiana in contempt for not fully satisfying the consent judgment. On December 16, 2008, the District judge denied the plaintiffs' motion. No appeal was sought and no further activity has occurred since.

Included in the liability for judgments and legal claims payable as of June 30, 2010 is \$1.43 million related to a judgment in favor of the Succession of Carter Ursin et al. These Bohemia plaintiffs filed new motions on October 9, 2009 and are scheduled for trial in October of 2010.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

NOTE 7 - LITIGATION AND CLAIMS (CONTINUED)

Also included in the judgments and legal claims payable as of June 30, 2010 is a \$3.8 million provision for claims of Bohemia plaintiffs who opted out of the Haspel Davis Class action lawsuit.

A number of additional suits seeking return of lands and related revenue are being adjudicated relating to alleged rights to the property under the statute. The District is working to determine if the certifications by the Louisiana Department of Natural Resources ("DNR") are in order and determine the amount of these claims.

Additional activities have been undertaken and suits filed by those who seek to claim mineral producing properties which the District owns. The District maintains these properties were never subject to the Return of Lands Act. Further proceedings have been initiated claiming errors in the certification process by DNR. It would not be feasible to quantify the potential impact of such litigation because of the uncertainty of the success of such claims and the fact that no research on the production of this land has been performed. The District is vigorously defending its ownership of these assets.

Judgments in the Bohemia Spillway matter will be paid if and when funds become available, and when such funds are appropriated.

Other Litigation:

At June 30, 2010, the District was a defendant or co-defendant in multiple lawsuits in addition to those relating to Hurricane Katrina. Numerous class action lawsuits have been filed in connection with Hurricane Katrina, which are being handled through the District's general and excess liability insurer. A motion has been granted by the district judge to settle this litigation for the amount of insurance coverage. This ruling is being appealed to the Fifth Circuit Court of Appeals by some of the plaintiffs.

In August 2010 the District reached a tentative settlement with a fixed base operator at Lakefront Airport providing that the District will grant the operator an abatement and release of past due rent and other charges assessable under its lease totaling \$473,000; an abatement of the rent on one of two hangars leased by the operator until repairs are completed; and a rent credit in the amount of \$500,000, which will be credited in the amount of \$100,000 per year over a five year term, commencing August 1, 2011.

Lake Borgne Basin Levee District

The Lake Borgne Basin Levee District is a defendant in lawsuits involving personal injury and property expropriated. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate.

On February 4, 2003, grants were received from FEMA and the State of Louisiana in the amount of \$26,910 and \$3,450 to cover the costs to mitigate chronic corrosion problems resulting from dissimilate metal. After subsequent engineering studies, it was the opinion of independent engineers that the planned actions would not remedy the problem. Management offered to reimburse the unused portion of the funds received; however grantors stated that management should keep the funds until such time as reimbursement was requested. The amount of reimbursement, if any, will be determined when an audit is made by the grantor(s); therefore the amount of any such reimbursement cannot be estimated at June 30, 2010.

**STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010**

L. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Lake Borgne Basin Levee District is a defendant in lawsuits involving property damage, injuries, and fatalities resulting from flood on August 29, 2005 from Hurricane Katrina. District's legal counsel cannot estimate the outcome or range of potential loss at this time. District is vigorously defending the lawsuits.

The Lake Borgne Basin Levee District is a defendant in two lawsuit alleging property damage as a result of the Parish commandeering the plaintiffs' property following Hurricane Katrina. The District's legal counsel cannot predict the outcome of these lawsuits, but estimates the potential loss to be \$2 million in each case in the event of an unfavorable outcome.

East Jefferson Levee District

The East Jefferson Levee District is a defendant in lawsuits involving personal injury and property expropriated. The District's legal counsel has reviewed all claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District. The legal counsel is of the opinion that liability from suits is questionable or insurance coverage appears adequate.

As reflected in the Combined Statement of Net Assets, estimated liabilities relating to the above-described judgments and legal claims payable totaled \$24,982,623 at June 30, 2010. The decrease in estimated liabilities payable in the current fiscal year was \$1,108,538 and is included in the Combined Statement of Activities.

Construction Commitments

The SLFPA-E has commitments to construction contracts and other projects relating to special levee improvements, major maintenance, pump stations, as well as infrastructure due to damages caused by Hurricane Katrina. Construction commitments related to business-type activities, including the Lake Vista Community Center, Lake Shore Drive, New Orleans Lakefront Airport, South Shore Harbor, and Orleans Marina, in the aggregate, amount to \$709,543. Construction commitments related to damages caused by Hurricane Katrina amount to \$3,785,267. All other construction commitments relating to levee improvement, maintenance, pump stations and other repairs and projects amount to \$3,286,740.

M. RELATED PARTY TRANSACTIONS – N/A

N. ACCOUNTING CHANGES – N/A

O. IN-KIND CONTRIBUTIONS

P. OUTSTANDING DEFEASED DEBT – N/A

Q. COOPERATIVE ENDEAVORS – N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The Districts participate in a number of federally-assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The District believes that the amount of disallowances, if any, which may arise from future audits, will not be material.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – N/A

T. SHORT-TERM DEBT – N/A

U. DISAGGREGATION OF RECEIVABLE BALANCES

The following page displays the June 30, 2010 balances in receivables by each district's governmental activities:

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Authority</u>
Ad Valorem Taxes	\$ -	\$ 380,000	\$ -	\$ 16,760	\$ 396,760
Governmental	82,797	4,414,430	-	1,049,251	5,546,478
Customers and other, net of allowance for doubtful accounts	-	960,051	3,067	4,181	967,299
	<u>\$ 82,797</u>	<u>\$ 5,754,481</u>	<u>\$ 3,067</u>	<u>\$ 1,070,192</u>	<u>\$ 6,910,537</u>

All amounts are due or expected to be collected within one year.

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2010, were as follows:

	<u>SLFPA-E</u>	<u>OLD</u>	<u>EJLD</u>	<u>LBBLD</u>	<u>Authority</u>
Vendors and Employees	\$ 57,768	\$ 1,086,935	\$ 191,307	\$ 599,407	\$ 1,935,417
Contracts Payable	-	893,169	-	-	893,169
Other Government	-	31,609	2,192,000	-	2,223,609
	<u>\$ 57,768</u>	<u>\$ 2,011,713</u>	<u>\$ 2,383,307</u>	<u>\$ 599,407</u>	<u>\$ 5,052,195</u>

All amounts are payable within one year.

W. SEGMENT INFORMATION

N/A

X. DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT

1. List by fund type the amounts due from other funds detailed by individual fund at fiscal year-end:
 (Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

X. DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

Flood Control General Fund Due To's and From's Non Flood Division

Due from Real Estate Amin Fund	\$ 7,165,797
Due from South Shore Harbor	3,754,284
Due from LVCC	1,527
Due from Orleans Marina	9,139
Due from Lakefront Airport	47,691
Due to Non flood Gen'l Improve Fund	(303,227)
Due to Orleans Marina	(786,467)
Due to Lakefront Airport	(2,912,670)

Net Flood Control Due From (to) Real Estate Division	6,976,074
---	------------------

Real Estate (Non-Flood Division)

Administrative Fund

Due from General Improvement Fund	3,999,845
Due from Airport	5,132,925
Subtotal Due from	9,132,770

Due to Lake Vista Community Center	(57,232)
Due to Orleans Marina	(1,232,970)
Due to South Shore Harbor	(6,112,838)
Due to New Basin Canal	(2,369,865)
Subtotal Due to	(9,772,905)

Lake Vista Community Center Due from Admin	57,232
Orleans Marina Due from Admin	1,232,970
South Shore Harbor Due from Admin	6,112,838
New Basin Canal Due from Admin	2,369,865
Subtotal Due from	9,772,905

General Improvement Fund Due to Admin	(3,999,845)
Airport Due to Admin	(5,132,925)
Subtotal Due from	(9,132,770)

Net Due to/from, Non-Flood Funds within divisions	\$ -
--	-------------

Real Estate non Flood Division's due (to's) from's the Flood Control Division

Admin fund Due to Flood Division General Fund	\$(7,165,797)
Airport fund Due from Flood Control Fund	2,912,670
Orleans Marina Due from Flood Division	786,467
South Shore Harbor Due to Flood Division	(3,754,284)
LVCC Due to Flood Division	(1,527)
General Improvement Fund Due from Flood Control	303,227
Airport fund due to Flood Control Fund	(47,691)
Orleans Marina Due to Flood Division	(9,139)

Net amount due to Flood Control	\$(6,976,074)
--	----------------------

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
As of and for the Year Ended June 30, 2010

X. DUE TO/DUE FROM AND TRANSFERS – ORLEANS LEVEE DISTRICT (CONTINUED)

Although the Real Estate Administrative fund and the General Improvement Fund are shown among the governmental funds because they have public safety, recreation and roadway responsibilities, State Law dictates that they be managed apart from the Flood Divisions. This report follows in most respects the dictates of GASB 34 in separating governmental and business-type activities, but in certain cases such as this, the flood control and real estate functions are shown.

OPERATING TRANSFERS AMONG THE FUNDS OF THE DISTRICT

Debt Service Fund from the Special Levee Improvement Projects Fund	\$ 24,865,646	\$ -
Debt Service Fund from the General Fund	16,578,948	-
Real Estate Fund from the General Fund	1,375,425	-
	<u>42,820,019</u>	<u>-</u>
From Special Levee Improvement Projects Fund to the Debt Service Fund	\$ -	\$ 24,865,646
From the General Fund to the Debt Service Fund	-	16,578,948
From the General Fund to the Real Estate Fund	-	1,375,425
	<u>-</u>	<u>42,820,019</u>
Total	<u>\$ 42,820,019</u>	<u>\$ 42,820,019</u>

OTHER TRANSFERS

Legislation creating the Algiers Levee District provided that taxes collected from the geographic area associated with the new district be received on their behalf by the Orleans Levee District. The law further provided that a pro-rata share of the Orleans Levee District's debt service be deducted from the amount collected, and the remainder be transmitted to the new district. Since the new Algiers Levee District did not come into being until July 13, 2007, but ad valorem taxes are collected on a calendar year basis, implementation of the law resulted in the Orleans Levee District making certain payments to the Algiers District beginning in fiscal year 2008.

Y. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets at June 30, 2010, include bonds and interest payable (\$312,500), and judgments & contingencies payable (\$528,621).

Z. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

N/A

AA. IMPAIRMENT OF CAPITAL ASSETS

N/A

BB. EMPLOYEE TERMINATION BENEFITS

N/A

CC. REVENUE USED AS SECURITY FOR REVENUE BONDS – N/A

N/A

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2010

DD. SUBSEQUENT EVENTS

Community Disaster Loan Forgiveness

In accordance with C.F.R 44 206.366, the Orleans Levee District has completed most of the steps required in the application process set forth by law and the Federal Emergency Management Agency, to request cancellation of all or part of the Special Community Disaster Loans totaling \$9,560,820 granted the District in 2006 following Hurricane Katrina. The amount ultimately to be forgiven is at present uncertain. The District is considering the need to request an extension of time to repay the portion of the loan that is not forgiven.

Act 1014 of the 2010 Louisiana Legislature

Act 1014 of the Louisiana Legislature created a Board to oversee the assets and operations of the Non-Flood Division of the Orleans Levee District. Ownership of the assets remains with the OLD.

Litigation Settlement

In August 2010 the Orleans Levee District (the "District") has reached a tentative settlement in a lawsuit filed by a fixed base operator at the Lakefront Airport. The lawsuit claimed a breach of contract and other allegations for not timely completing repairs/restoration work on Hangar 101. The parties in this case engaged in mediation on Wednesday, August 11, 2010. The settlement agreement provides that the District will grant the fixed base operator an abatement and release of past due rent and other charges assessable under its lease with the District, totaling \$473,000; an abatement of the rent on one of the two hangars leased by the fixed base operator until the hangar repairs are completed by the District; and a rent credit in the amount of \$500,000, which will be credited in the amount of \$100,000 per year over a five year term, commencing August 1, 2011. The settlement agreement was approved by the authorized representative of the Commissioner of the Division of Administration and is subject to the approval of the Federal Aviation Administration.

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
SCHEDULE OF PER DIEM PAID TO AUTHORITY BOARD MEMBERS
For the Year Ended June 30, 2010

The schedule of per diem payments to the Southeast Louisiana Flood Protection Authority – East Board of Commissioners members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Authority members are paid per diem for each meeting they attend, as authorized by Louisiana Revised Statute 330.1 L.

The amounts paid to Board members during the year are as follows:

Timothy P. Doody	\$ 4,428
Stephen Estopinal	4,428
John M. Barry	2,967
George Losonsky	3,088
David P. Barnes, Jr.	3,496
Stradford A. Goins	4,224
Thomas I. Jackson	3,452
Louis E. Wittie	4,064
Ricardo Pineda	<u>2,316</u>
	<u>\$ 32,463</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2010

	Description of Funding	Amount
1.	Cooperative Agreement / Loan Agreement relating to Go Zone Bond financing and assistance to subdivisions with debt service. Also reported on Schedule 3-C	\$26,125,671
2.		
3.		
4.		
5.		
6.		
7.		
8.		
	Total	\$26,125,671

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
June 30, 2010

Issue	Date of Issue	Original Issue	Principal Outstanding 06/30/09	Redeemed (Issued)	Principal Outstanding 06/30/09	Interest Rates	Interest Outstanding 06/30/10
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>NONE</u>		\$ <u>NONE</u>

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding 06/30/10</u>	<u>Redeemed (Issued)</u>	<u>Principal Outstanding 06/30/10</u>	<u>Interest Rates</u>	<u>Interest Outstanding 06/30/10</u>
<u>1603LA57</u>	<u>6/21/06</u>	<u>\$3,346,000</u>	<u>\$3,346,000</u>	<u>\$ -</u>	<u>\$ 3,346,000</u>	<u>3.12%</u>	<u>\$ 392,126</u>
<u>1603LA57A</u>	<u>8/27/06</u>	<u>671,734</u>	<u>671,734</u>	<u>\$ -</u>	<u>671,734</u>	<u>2.93%</u>	<u>73,820</u>
<u>1603LA74A</u>	<u>9/10/06</u>	<u>230,752</u>	<u>230,752</u>	<u>\$ -</u>	<u>230,752</u>	<u>2.87%</u>	<u>24,876</u>
<u>1603LA74B</u>	<u>8/27/06</u>	<u>5,312,334</u>	<u>5,312,334</u>	<u>\$ -</u>	<u>5,312,334</u>	<u>2.93%</u>	<u>584,652</u>
Total		\$ 9,560,820	\$ 9,560,820	\$ -	\$ 9,560,820		\$ 1,075,473

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF BONDS PAYABLE
June 30, 2010

Date of Issue	Original Issue	Principal Outstanding 06/30/09	Issued (Redeemed)	Principal Outstanding 06/30/10	Interest Rates	Interest Outstanding 06/30/10
08/29/86	\$ 36,225,000	\$ 17,645,000	\$ (17,645,000)	\$ -	5.95%	\$ -
10/29/96	2,795,000	1,350,000	(160,000)	1,190,000	2.54%	190,289
08/28/86	64,920,000	26,690,000	(26,690,000)	-	5.95%	-
10/29/96	6,775,000	2,980,000	(425,000)	2,555,000	2.54%	330,277
	\$ 114,265,000	\$ 48,665,000	\$ (44,920,000)	\$ 3,745,000		\$ 520,566

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For the Year Ended June 30, 2010

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ <u> — </u>	\$ <u> — </u>
2006	<u> </u>	<u> </u>
2007	<u> </u>	<u> </u>
2008	<u> </u>	<u> </u>
2009	<u> </u>	<u> </u>
2010-2014	<u> </u>	<u> </u>
2015-2019	<u> </u>	<u> </u>
2020-2024	<u> </u>	<u> </u>
2025-2029	<u> </u>	<u> </u>
Total	\$ <u> NONE </u>	\$ <u> NONE </u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For the Year Ended June 30, 2010

<u>Fiscal Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
2006	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2007	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2008	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2009	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2010-2014	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2015-2019	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2020-2024	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2025-2029	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>NONE</u>

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2010

Fiscal Year		Principal	Interest
2011	\$	3,346,000	\$ 392,126
2012		7,458,721	1,895,580
2013		1,301,618	1,154,514
2014		1,362,013	1,094,119
2015		1,425,210	1,030,922
2016-2020		8,181,542	4,099,118
2021-2025		10,264,170	2,016,490
2026-2030		2,347,221	108,911
2031-2032		-	-
Total	\$	35,686,495	\$ 11,791,780

STATE OF LOUISIANA
SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2010

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 625,000	\$ 133,362
2012	655,000	153,588
2013	700,000	116,326
2014	745,000	76,589
2015	790,000	34,376
2016	230,000	6,325
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
Total	\$ 3,745,000	\$ 520,566

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY - EAST
STATE OF LOUISIANA
Comparative Figures

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change. (The figures below are in thousands.)

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>65,658</u>	\$ <u>88,922</u>	\$ <u>(23,264)</u>	<u>-26.2%</u>
Expenses	<u>43,946</u>	<u>58,805</u>	<u>(14,859)</u>	<u>-25.3%</u>
2) Capital assets	<u>220,028</u>	<u>213,800</u>	<u>6,228</u>	<u>2.9%</u>
Long-term debt	<u>68,044</u>	<u>116,413</u>	<u>(48,369)</u>	<u>-41.5%</u>
Net Assets	\$ <u>243,581</u>	\$ <u>221,823</u>	\$ <u>21,758</u>	<u>9.8%</u>

Revenues declined as insurance proceeds and federal grant income declined from prior year by \$6.8 and \$14.9, respectively. Interest income declined by \$1.7 million. While tax revenue rose by \$4.8 million, revenue proceeds from litigation declined by \$7 million.

Expenses declined by about \$2.8 million excluding the \$12 million, nonrecurring expense reported in FY 2009 related to the NASA Grant Income. Since it was a pass through to the USACE, the revenue was immediately offset by an expense amount that would not recur. Of the remaining \$2.8 million change in expenses and transfers, Interest expense declined by \$1.7 million due to early retirement of Bonds, while transfers to Algiers rose by 1.1 million, leaving the on-going expenses including major maintenance to actually decline from year earlier levels.

**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY – EAST**

SINGLE AUDIT REPORTS

June 30, 2010

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Southeast Louisiana Flood Protection Authority-East
New Orleans, Louisiana

We have audited the basic financial statements of the Southeast Louisiana Flood Protection Authority - East (the "Authority"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2010 and have issued our report thereon dated August 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Authority in a separate letter dated August 31, 2010.

This report is intended solely for the information of the Authority, the Authority's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

August 31, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Commissioners
Southeast Louisiana Flood Protection Authority-East
New Orleans, Louisiana

Compliance

We have audited the compliance of the Southeast Louisiana Flood Protection Authority - East (the "Authority") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants

applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's response to the findings identified in our prior year audit is described in the accompanying schedule of prior audit findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, and major funds of the Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 31, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Authority, the Authority's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

August 31, 2010

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grantor/Program Title	CFDA Number	Grant Number	Federal Expenditures
<u>Federal Aviation Administration:</u>			
Direct Awards:			
Airport Improvement Program:	21.106	3-22-038-019-2007 3-22-038-020-2007 3-22-038-021-2007	\$ 160,232
<u>U.S. Department of Homeland Security:</u>			
Pass-through Awards:			
Disaster Grants - Public Assistance	97.036	FEMA-1603-DR-LA	<u>11,022,532</u>
Total Federal Expenditures			<u>\$ 11,182,764</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

(1) GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of Southeast Louisiana Flood Protection Authority - East (the "Authority"). The Authority's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2010. All federal awards received from federal agencies are included on the schedule.

(2) BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's financial statements for the year ended June 30, 2010.

(3) LOANS PAYABLE TO FEDERAL AGENCY

The Authority received a Special Community Disaster Loan (the "Loan") from the federal government in September 2007 in the amount of \$9,560,820. The loan payable at June 30, 2010 was \$9,560,820 with accrued interest of \$1,075,473. The terms of the Loan call for interest to accrue annually at 2.69% on \$3,346,000 of the Loan, 2.93% on \$5,984,068 of the Loan, and 2.87% on \$230,752 of the Loan, and to be repaid with the principal when the Loan becomes due in 2011.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Southeast Louisiana Flood Protection Authority - East.
2. No material weakness in internal control relating to the audit of the financial statements are reported in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Southeast Louisiana Flood Protection Authority - East were reported in the *Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards*.
4. No material weakness relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards*.
5. The auditor's report on compliance for the major federal award programs for the Southeast Louisiana Flood Protection Authority - East expresses an unqualified opinion.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. A management letter was issued for the year ended June 30, 2010.
8. The programs tested as major programs are:

United States Department of Homeland Security – Public Assistance Grant	97.036
Federal Aviation Administration – Airport Improvement Program	21.106
9. The dollar threshold used to distinguish between Type A and Type B programs was \$335,483.
10. The auditee did qualify as a low-risk auditee under Section 530 of OMB Circular A-133.

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2010

B. FINDINGS – FINANCIAL STATEMENT AUDIT

N/A

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARDS
PROGRAMS**

N/A

SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

SECTION I FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT

09-01: Physical Inventory of Equipment Resolved.

SECTION II FINDINGS RELATED TO MAJOR FEDERRAL AWARD PROGRAMS

There were no findings related to major federal award programs in the prior year.

**SOUTHEAST LOUISIANA FLOOD
PROTECTION AUTHORITY – EAST**

MEMORANDUM OF ADVISORY COMMENTS

For the Year Ending June 30, 2010

REBOWE & COMPANY

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August 31, 2010

Board of Commissioners
Southeast Louisiana Flood Protection Authority - East
New Orleans, Louisiana

We have audited the combined financial statements of the Southeast Louisiana Flood Protection Authority - East (the "Authority") for the year ended June 30, 2010 and have issued our report thereon dated August 31, 2010. As part of our audit, we considered the Authority's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that represent opportunities for strengthening internal control and operating efficiency with relation to the Authority. The memorandum that accompanies this letter summarizes our observations and recommendations regarding these matters.

We will review the status of our observations and recommendations during our next audit engagement. We have already discussed our recommendations with management and have included their corrective action plans. We will be pleased to discuss our recommendations with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

Sincerely,

Rebowe & Company

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLANS
June 30, 2010**

1. Summary Schedule of Grants

Observation:

Federal and State grant funds should be tracked outside of the Louisiana Public Assistance system.

Recommendation:

The Authority should monitor Federal and State grants in a summary schedule noting Catalogue of Federal Domestic Assistance (CFDA) numbers, awarded amounts, terms, expenses, revenue receipts, remaining award balances, reporting requirements, and any restrictions. This schedule will help the Authority track the various components of their grants.

Corrective Action Plan:

The Authority agrees with the recommendation about maintaining a single schedule or equivalent system that tracks all relevant components of all grants, including award amount, receipts, expenditures, reporting requirements and restrictions, and will begin the process immediately.

**SOUTHEAST LOUISIANA FLOOD PROTECTION AUTHORITY – EAST
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLANS
June 30, 2010**

2. Transferring Grant Funds

Observation:

East Jefferson Levee District records its grant revenue using separate cash accounts. We understand this situation exists in an effort to keep grant activity separate from the District's normal operations. Throughout the year expenses were paid out of the main operating account to finance Federal grant projects. The grant revenues, which are maintained in a separate bank account, were not utilized to finance their respective projects. As a result, the grant revenues are generating interest, which must be returned to the State upon completion of the project.

Recommendation:

The District should continue to maintain grant revenues separately from their operating cash account, but expenses related to these grants should be paid from the same account. If it is the District's policy to make disbursements from their main operating account, then the operating account should be immediately reimbursed by the grant account. The funds designated for grant projects should be transferred into the main operating account as the project expenses are incurred. The District will earn interest on the funds transferred into the operating account and avoid incurring interest that has to be paid back to the State.

Corrective Action Plan:

In the future, as each check is written from the operating account for expenses incurred, a transfer will be made from the grant account to the operating account.